

BETWEEN:

POSTALONG TECHNOLOGY INC.,

Appellant,

and

HIS MAJESTY THE KING,

Respondent.

Appeal heard on November 17th, 2025
at Vancouver, British Columbia

Before: The Honourable Justice Randall S. Boccock

Appearances:

Agent for the Appellant: Edward Wu

Counsel for the Respondent: Jessye Kilburn

JUDGMENT

WHEREAS the Court has published its reasons for judgment on this date;

NOW THEREFORE THIS COURT ORDERS THAT:

1. The appeal from the redeterminations of the Minister dated March 1, 2024, is allowed on the following basis:
 - a) By concession of the Respondent at the outset of the hearing, the Appellant's claims for CEWS and HHBRP benefits for the qualifying periods 13 to 23 are allowed; and
 - b) The HHBRP benefits claims for qualifying periods 24 to 28, inclusive, are dismissed;

2. The matter is referred back to the Minister for reconsideration and reassessment.
3. There shall be no costs.

Signed at Ottawa, Ontario, this 17th day of December, 2025.

“R.S. Boccock”

Boccock J.

Citation: 2025 TCC 190
Date:20251201
Docket: 2025-1420(IT)I

BETWEEN:

POSTALONG TECHNOLOGY INC.,

Appellant,

and

HIS MAJESTY THE KING,

Respondent.

REASONS FOR JUDGMENT

Bocock J.

[1] The Appellant applied for the Canadian Emergency Wage Subsidy (CEWS) for qualifying periods 13-21 and Hardest Hit Businesses Recovery Program (HHBRP) benefits for qualifying periods 22-28. After these subsidies were paid, the Minister redetermined the Appellant's eligibility by notice dated March 1, 2024, and reassessed to deny all such benefits under the CEWS and HHBRP.

[2] At the hearing, Respondent's counsel conceded that the Appellant is entitled to benefit periods 13-21 for the CEWS and benefit periods 22-23 for the HHBRP. Only benefit periods 24-28 for the HHBRP remain outstanding and are the contested subject of this appeal and these reasons.

[3] For the 5 contested qualifying periods, the claimed amounts and paid (now reassessed) benefits are as follows:

Period Number	Benefit Period	Claimed HHBRP benefit now denied
24	December 19, 2021 to January 15, 2022	\$7,221.72

25	January 16 to February 12, 2022	\$7,044.12
26	February 13 to March 12, 2022	\$9,230.84
27	March 13 to April 9, 2022	\$3,787.72
28	April 10 to May 7, 2022	\$3,902.12
Total		\$45,014.07

Undisputed object and purpose of the legislation

[4] Parliament enacted the CEWS and HHBRP benefits to provide relief for businesses, non-profit entities and charities that were negatively impacted economically during the COVID-19 pandemic (the “pandemic”). To receive the CEWS and HHBRP, eligible entities had to experience a prescribed percentage decrease in revenue, on one hand, and be obligated to pay eligible remuneration to staff, on the other. In the case of non-arm’s length employees, the CEWS and HHBRP benefits were restricted by the eligible remuneration paid during the baseline period. Qualifying periods, generally, were defined two-week periods during the pandemic during which applicants could qualify for the CEWS and/or HHBRP. The threshold of reduced revenue increased over the time the benefits were paid for various qualifying periods. More simply, in later benefit periods one had to experience greater amounts of reduced revenue to collect the benefit. This is at least why, mathematically, the Appellant qualified for benefits in periods 13-23, but not 24-28.

Relevant disputed qualifying periods

[5] To qualify for the HHBRP in the disputed periods, the Appellant, like all subsidy applicants had to endure a difference between previous qualifying revenue or defined pre-COVID business revenue (“pre-COVID revenue”) and defined qualifying claim period revenue (“COVID revenue”). Simply, during periods 24-28, COVID revenue for the period must have been one-half or less of the pre-COVID revenue for the same period. This was prescribed increased disparity from previous qualifying periods.

[6] As with most benefits of this nature, the formula is mathematically clear and uncontroverted: a grade school subtraction formula. By contrast, the dispute buries itself into comparatively complex combinations of documentary evidence, statutory

definitions and accounting theory needed to assess what are the amounts for each applicable pre-COVID and COVID period. This is necessary to determine, first, pre-COVID revenue for the Appellant and, second, its corresponding COVID revenue for the benefit period. The parties disagree on both.

The pre-COVID revenue

[7] The Respondent filed an affidavit prior to the hearing which disclosed the Appellant's total sales of goods and services for the following periods (as recorded in the Appellant's T-2 corporate tax returns), which notably cover all periods, both pre and COVID periods relevant to the appeal.

Taxation Year Ending	Total revenue from goods and services	Plus Interest* less Subsidies †	Total Annual Revenue
2019	\$103,301.00	\$38,451.00*	\$141,752.00
2020	\$78,761.00	(\$53,967.00 [†])	\$24,973.00
2021	\$149,737.00	(\$145,970.00)	\$57,66.00
2022	\$198,405.00	(\$52,943.00)	\$145,461.00

[8] Mr. Wu, an officer and director of the Appellant, both represented and testified on behalf of the Appellant company. During cross-examination, Mr. Wu accepted that the annual revenue from sales of goods and services and the subsidy amounts were accurate, on an annual basis. He disputed that the pre-COVID revenue and COVID revenue in the specific months to be measured were achieved by the simple function of dividing by twelve. He indicated an average monthly revenue measure was not acceptable because great monthly variations occurred within the 12-month periods measured.

Appellant's assertion regarding relevant revenue

[9] Mr. Wu testified that the Appellant's pre-COVID and COVID revenue amounts were as follows for the relevant periods:

(i) Pre-COVID Revenue:

Month	Amount
January 2020	\$4700.00
February 2020	\$5800.00

(ii) Covid Revenue (relevant to Periods 24-28)

Month	Amount
January 2022	\$1500.00
February 2022	\$850.00
March 2022	\$1730.00
April 2022	\$1260.00
May 2022	\$1350.00

Mr. Wu says not your “average” company

[10] Mr. Wu deduced and offered explanations to substantiate utilizing varied revenue for the relevant months of January and February 2020 to determine pre-COVID revenue and for the January to April 2022 period to determine COVID revenue. The Minister in the absence of monthly revenue or financial revenue or financial statements used a mathematical monthly average. The following summarize Mr. Wu’s justification for using month specific amounts:

- (i) a list prepared by him or his accountant (Exhibit A-3) identified 2020 “revenue” for described periods #1 and #2 (such periods later identified during testimony by Mr. Wu as January and February of 2020) as the amounts reflected above: \$4700.00 and \$5800.00, respectively;
- (ii) corresponding figures of \$1550, \$850, \$1730 and \$1260 (after real time correction of the document produced during the hearing) as numbers 1,2,3 and 4 in columns and rows identified as the monthly 2022 revenue (the number had been omitted by the preparer);

- (iii) wage subsidy calculations for the uncontested qualifying periods 18, 19 and 23 which also utilized the \$4,700 and \$5,800 amounts for January and February for 2020, respectively (as a permitted alternate method of calculation);
- (iv) a list of rows and columns identifying dates roughly corresponding to dates with months from January 3, 2020 to December 13, 2021 which totalled more than \$205,000 of “director investments” which Mr. Wu identified as a source of the funds other than COVID revenue; and,
- (v) the office manager deposited the cash receipts of the business, it was essentially an all-cash business, by way of “ATM deposits” as referenced in the bank statements for January, February and March of 2020 and from January to May of 2022;

[11] Although some time was spent on whether the Appellant had elected to use the year over year (“general approach”) to calculate the revenue decline percentage or the first 2 months of 2020 (“alternate approach”), the selection of one over the other does not affect the Court’s findings. Based on the evidence introduced, at least for some benefit periods, 17-19 and 21-23, the Appellant appears to have chosen the alternate approach for pre-COVID revenue. Therefore, the Court has used those numbers for the purposes of these reasons, but it would not have changed the outcome should the general approach be applied.

Crown introduces some evidence through cross-examination

[12] Through cross-examination, the Respondent introduced the following documentation:

- (i) bank statements of the Appellant referred to in subparagraph (v) above (Exhibit R-1);
- (ii) an affidavit containing reference to revenue from goods and service sales for relevant periods (Exhibit R-2); and,
- (iii) working papers of the accountant showing annual trial balances, receipts/disbursements journal entries for 2019 and 2020 and income statements, and receipts/disbursement journal for 2022 (Exhibit R-4).

Mr. Wu says the numbers are clear

[13] The gist of Mr. Wu's submissions on behalf of the Appellant to convince the Court the numbers submitted by him are credible are as follows:

- (i) the office manager did not necessarily deposit cash receipts, being the revenue of the business each day; instead, moneys would be held and deposited once a certain threshold (not quantified) was achieved;
- (ii) this business model of the Appellant results in large deposits irregularly taken to the bank which therefore skew the ability to rely on the computer-generated receipts journal and/or bank statements because they only measure when the funds were deposited in the bank rather than when they were earned;
- (iii) the Minister's use of an average for revenue is defeated by the bank statements which show receipts during January through April as recorded in the applications: \$1,550.00, \$850.00, \$1,730.00 and \$1,260.00 as revealed in the summery provided by Mr. Wu during the hearing;
- (iv) the business floundered in early 2022 but recovered very well in later 2022 which explains the annual revenue reported of \$145,000.00 and "gross profit" of \$136,104.00 in the accountant's working papers; and,
- (v) Mr. Wu may have pressured the accountant to make the Appellant's financial position appear better than it was, but the revenue as stated by Mr. Wu was correct in early 2020 and 2022.

The issue

[14] The issue for the HHBRP qualifying periods 24-25 inclusive is whether the Appellant's COVID revenue was one-half or less than its pre-COVID revenue.

Pre-COVID revenue not determinative

[15] While the parties do not precisely agree on the pre-COVID revenue, that dispute is not consequential to the outcome for the following reasons. The Respondent states it was either \$2066.00 for all qualifying periods 24-28 inclusive, or \$2,066.00 for 24 and 25 and \$8,600.00 for 26 to 28, inclusive. Mr. Wu says it was \$5,275.00 (an average of \$4,700.00 and \$5,800.00).

COVID revenue is critical

[16] Hence, the determinative issue is what the COVID revenue was for the relevant qualifying periods 24-28, These four-week periods stretch from December 19th, 2021, to May 7, 2022. If the COVID revenue for these periods exceeds \$2,635.00, by Mr. Wu's own numbers, COVID revenue was not one half (50%) or less than pre-COVID revenue.

Analysis of the evidence

[17] On balance, the Court finds the COVID revenue of the Appellant to have exceeded \$2,635.00 for the relevant periods, 24-28 inclusive, based upon the following reasons extracted from the evidence:

- (i) Mr. Wu's grouping of the deposits during the periods, whether they were cash receipts of the business or cash infusions by related parties, was elusive, variable and insusceptible of any conclusion one way or the other;
- (ii) Mr. Wu's testimony was not consistent as to as to why he stated some amounts were advances to the Appellant (during COVID) and other similar amounts were revenue (pre-COVID);
- (iii) Mr. Wu elusively resisted explaining the meaning of the journal entries instead indicating the office manager and accountant were better suited to explain the variable conclusions regarding the deposits, while acknowledging neither of them attended to give evidence;
- (iv) Mr. Wu indicated that certain records were unavailable without much further explanation;
- (v) the revenue, wage subsidy and rent subsidy summary page and two prior and COVID revenue calculations sheets (Exhibit A-3) and Third-party cash injection schedule (R-3) produced by someone on behalf of the Appellant were unauthored, constructed for litigation, incorrect in instances, inscrutable in others and unreferenced to any historical financial data;
- (vi) there was no distinct cash/revenue receipts or case/revenue disbursements journal beyond the at-large annual trial balances/working papers and the single, general monthly bank statements;

- (vii) Mr. Wu's explanation to the clear revelation from the T-2 corporate tax returns that 2022, which encompassed all the applicable benefit periods, was the Appellant's best year *vis a vis* revenue was unconvincing; he said simply that the first 5 months were terrible and the final 7 months of 2022 were diametrically the opposite, extremely successful financially;
- (viii) there was no meaningful explanation why this diametrically opposite financial performance occurred entirely during 2022, some 2 years after the start of the COVID pandemic and just months before the business ceased to operate;
- (ix) if the Court accepted Mr. Wu's explanation of this incredible ascending revenue variance in 2022, together with his asserted COVID revenue for January to May 2022, the cumulative revenue (excluding subsidies otherwise paid) would have been \$6,740.00 for the first 5 months and \$138,721.00 for the final 7 months of 2022 (when the business ceased to operate), without any substantive description as to why; and,
- (x) there was a dearth of reliable, measurable financial information for the critical periods of January and February, 2020 (to measure pre-COVID revenue) and even less for January to June 2022 (to measure COVID revenue), beyond the T-2 corporate tax returns and attached statements upon which the Minister, and not the Appellant, relied.

Summary and costs

[18] The Court acknowledges that the Respondent utilized a consistent approach throughout in the absence of otherwise reliable source documents: by averaging the declared T-2 corporate tax return revenue from the Appellant's own filings. This method afforded the Appellant the CEWS and HHBRP benefits for periods 13-23 when threshold revenue disparity between pre-COVID and COVID periods was prescribed at a lesser amount. The Court, after evaluating all the evidence, cannot conclude differently than the Minister has for periods 24-28 when threshold disparity thresholds increased, and the Appellant's business records further diminished.

[19] Accordingly, by concession of the Minister, the Appellant's appeal is allowed for Benefit Periods 13-23, inclusive, but dismissed by the Court, after hearing evidence and submissions, concerning Benefit Periods 24-28, inclusive.

[20] In light of the mixed result, there shall be no costs.

Signed at Ottawa Ontario, this 17th day of December 2025.

“R.S. Boccock”

Boccock J.

CITATION: 2025 TCC 190
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APPEARANCES:

Agent for the Appellant: Edward Wu
Counsel for the Respondent: Jessye Kilburn

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