

Federal Court



Cour fédérale

Date: 20260224

**Dockets: T-2518-25
T-2520-25**

Citation: 2026 FC 259

Toronto, Ontario, February 24, 2026

PRESENT: The Honourable Madam Justice Furlanetto

BETWEEN:

PAUL JAMES YATES

Applicant

and

THE ATTORNEY GENERAL OF CANADA

Respondent

JUDGMENT AND REASONS

[1] The Applicant, Paul James Yates, seeks judicial review of a June 24, 2025 decision [Decision] of an Officer of the Canada Revenue Agency [CRA] that found him ineligible to receive the Canada Recovery Benefit [CRB] (Court File No T-2518-25) as administered under the *Canada Recovery Benefits Act*, SC 2020, c 12 [CRBA] and the Canada Emergency Response Benefit [CERB] (Court File No T-2520-25) as administered under the *Canada Emergency Response Benefit Act*, SC 2020, c 5 [CERBA]. The Officer found the Applicant had not

demonstrated that he earned the requisite \$5,000 in employment or self-employment income to be eligible for the CRB or CERB and as such that the benefits received should be repaid.

[2] For the reasons set out below, the application is dismissed.

I. **Background**

[3] The Applicant applied for the CRB for 20 two-week periods from September 27, 2020 to January 16, 2021, and again from February 28, 2021 to August 14, 2021. The Applicant received CRB payments for seven two-week periods between September 27, 2020 and January 16, 2021.

[4] The Applicant applied for CERB for seven two-week periods from March 15, 2020 to September 26, 2020. The Applicant received CERB payments for all seven periods.

[5] To qualify for the CRB, an applicant had to receive \$5,000 in eligible income in 2019, 2020, or the 12-months preceding their application and had to experience a 50% reduction in income due to COVID-19 (CRBA, ss 3(1)(d), (f), (g), (i), (k)(i) and (l)(i)). To qualify for the CERB, an applicant had to earn at least \$5,000 of eligible income in 2019, or in the 12-months preceding their application, and had to cease working for reasons related to COVID-19 for at least 14 days within the four weeks in respect of which they applied for payment (CERBA, ss 2 and 6(1)(a)). In each case, eligible income could be earned through employment and/or self-employment.

[6] For the 2020 taxation year, the Applicant reported gross business income of \$4,340 and net self-employment income of \$1,143.

[7] For the 2019 taxation year, the Applicant initially reported \$6,020 in gross business income and \$1,720 in net self-employment income but amended these amounts on May 13, 2021 to increase the gross business income claimed to \$11,020 and the net-self-employment income to \$6,720.

[8] The Applicant stated that he earned \$6,020 from performing small maintenance tasks at his parent's cottage, and \$5,000 from a contract with his mother, Jean Yates, relating to a script that he prepared. As support, he provided a bank statement that showed a single deposit in an unidentified account for \$6,020. He also provided a one-page agreement between himself, operating as "Natural Lights Entertainment", and his mother relating to the script. The agreement stated that funds were needed to develop the script and provided the following terms: (a) the Applicant would develop and produce a script; (b) the Applicant's mother would pay the Applicant \$50 an hour to a maximum of \$5,000; and (c) the Applicant's mother would receive 5% of all funds received by the Applicant from the sale or production of the script.

A. *Prior reviews*

[9] On the first review, the CRA determined the Applicant was ineligible for the CRB because there was insufficient support that he had stopped working because of COVID-19, and he had not met the requirement for a 50% reduction in income. The CRA determined the Applicant was ineligible for the CERB because he did not earn the requisite income.

[10] On the second review, the CRA again determined the Applicant was ineligible for the CRB and the CERB. The CRA stated the Applicant was ineligible for both benefits because he did not earn at least \$5,000 in employment or net self-employment income in 2019, 2020, or in the 12 months before the date of his first application.

[11] The Applicant brought an application for judicial review of the second decision in August 2022 (Court File T-1618-22), which was discontinued because of a settlement between the parties which resulted in the matters being sent back for redetermination.

[12] On redetermination, the CRA assigned a different officer to conduct a review of the Applicant's files. The new officer again determined the Applicant was ineligible for the CRB and CERB because he had not earned at least \$5,000 in employment or net self-employment income in 2019, 2020, or in the 12 months before the date of his first application.

[13] On October 31, 2024, the Applicant brought an application for judicial review of the redetermination decisions (Court Files T-2928-24 and T-2929-24). In response to a request made by motion from the Respondent, on March 21, 2025, Justice Little ordered the matters to be sent back to the CRA for a further redetermination by another officer. In his reasons on the motion, Justice Little encouraged the Applicant to explain the facts and circumstances to the new decision-maker. He also encouraged the CRA to ensure that the new decision-maker had a thorough and complete understanding of the Applicant's specific circumstances, and to provide a decision with responsive justification to the Applicant's central issues and concerns, and the material evidence.

B. *Decisions under review*

[14] In the Decision, the CRA found the Applicant was ineligible for the CRB because he “did not earn at least \$5,000 (before taxes) of employment and/or self-employment income in 2019, 2020, or in the 12 months before the date of [his] application”. The Officer also found the Applicant was ineligible for the CERB because he “did not earn at least \$5,000 (before taxes) of employment and/or self-employment income in 2019 or in the 12 months before the date of [his] application”.

[15] In conducting their review, the Officer had the documents submitted by the Applicant, his income tax returns, the prior correspondence and review decisions, as well as the decision of Justice Little. The Officer also conducted an additional interview by phone with the Applicant to obtain the Applicant’s explanations relating to CRA’s concerns which was reflected in the Case Notes.

[16] The Officer considered the \$6,020 that the Applicant said was earned from maintenance work performed at his parents’ cottage but viewed the income as financial support from his parents, rather than self-employment income. The Officer also considered the \$5,000 allegedly earned under the script writing contract but found it to be more aptly described as an investment as the Applicant’s mother could earn money back once the script was sold.

II. Issues and Standard of Review

[17] There are two issues for determination. First, whether the CRA erred in finding the Applicant did not meet the income eligibility criteria for the CERB and the CRB; and second, whether there was a breach of procedural fairness.

[18] On the first issue, the standard of review is reasonableness: *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 [Vavilov] at para 25. The role of a reviewing court is to examine the reasons given by the administrative decision-maker and to assess whether the decision was one that has “an internally coherent and rational chain of analysis and that is justified in relation to the facts and law that constrain the decision maker”: *Vavilov* at para 85. A decision will be reasonable if when read as a whole, and taking into account the administrative setting, it bears the hallmarks of justification, transparency, and intelligibility: *Vavilov* at para 99.

[19] On the second issue, the ultimate question is whether the applicant knew the case they had to meet and had a full and fair chance to respond: *Canadian Pacific Railway Company v Canada (Attorney General)*, 2018 FCA 69 at paras 54-55.

III. Preliminary Issue

[20] Before getting to the analysis of the issues, the Respondent raises a preliminary issue with respect to both files regarding the admissibility of Exhibit 3 of the Applicant’s Affidavit. This exhibit includes email correspondence between the Applicant and the Respondent’s counsel

relating to the settlement of the redetermination decision. There is no dispute that this correspondence was not before the decision-maker.

[21] It is well accepted that the evidentiary record before the Court on judicial review is restricted to the evidentiary record that was before the administrative decision maker, absent exceptional circumstances: *Association of Universities and Colleges of Canada v Canadian Copyright Licensing Agency (Access Copyright)*, 2012 FCA 22 at paras 19-20; *Tsleil-Waututh Nation v Canada (Attorney General)*, 2017 FCA 128 at paras 86 and 98.

[22] The Applicant has not made any arguments as to how these exceptional circumstances would apply to Exhibit 3, nor do I find any basis under which they would apply. The correspondence attached as Exhibit 3 to the Applicant's Affidavit is inadmissible and shall not be considered further.

IV. Analysis

A. *Was the Decision reasonable?*

[23] The Applicant takes issue with various aspects of the Decision, including the Officer's recitation of certain facts. The Applicant contends that the amounts claimed are fully supported by the documents that were provided and asserts that the Decision lacks sufficient and responsive justification, relying on *Jennings-Clyde (Vivatas, Inc) v Canada (Attorney General)*, 2025 FCA 225. While I understand that the Applicant is unhappy with the Decision, in my view, he has not identified a reviewable error.

[24] As noted in *Aryan v Canada (Attorney General)*, 2022 FC 139 at paragraph 35, neither tax returns nor tax assessments prove a taxpayer earned reported income through employment, or that the reported income was earned from an eligible source. An applicant must establish these facts through evidence.

[25] The CRA’s guidelines relating to “Confirming Covid-19 Benefits Eligibility” [Guidelines] state that when an individual is working for cash, a taxpayer has the onus to submit “sufficient and convincing” documentation to substantiate their earnings. A decision-maker must then assess the following considerations:

- Did they have intent to operate a business or trade (see: Elements to consider for “business owners”)? (if applicable)
- Did they have any credible documentation related to being employed? (if applicable)
- Was it a non-arm’s length situation (see Family members)?
- Were any amounts deposited in a bank account?
- Were they keeping track of hours, payments and/or clients?
- Do they have books and records?
- Do they have a list of expenses to support the net result of earnings?
- What kind of alternate documentation taxpayer has in their possession?

[26] Where a non-arms length situation exists, the Guidelines note that more careful consideration of documentation is warranted to determine if the income is employment/self-

employment or a gift. In these situations, the Guidelines provide that a decision-maker must also consider the following elements:

- Would a non-arm's-length individual would accept the same conditions of employment or self-employment?
- Did the family member have another individual working for them and then hired the applicant?
- Has the applicant worked for the family member for a number of years and reports the income?
- Is there a contract for services performed? There must be an agreement to pay, written at the time the service began or credible documentation that a verbal agreement was made.
- Does the applicant provide the same service to other clients who are not related?

NOTE: If no contract could be submitted, the income from a family member may be considered a “gift”. While this information is not conclusive, it may help determine if the money earned from a family member is considered a “gift” instead of employment or self-employment income.

[27] In the Decision, the Officer references the Guidelines and the non-arms length relationship between the Applicant and his parents, classifying the amounts claimed as gifts rather than income.

[28] With respect to the \$6,020 claimed, the Officer considered the bank deposit and income tax return reflecting this amount but found these documents alone were insufficient to support a finding of self-employment income, particularly when considered along with the Applicant's explanation for the funds as provided during their interview. In the Case Notes, the Officer highlights the Applicant's description of the circumstances relating to this money, noting the Applicant's explanation that the work involved “small tasks” in exchange for money provided by

his parents to “keep him on track” and “to help him through tough times” after he had stopped working as an accountant and broke up with his former partner:

According to BR’s verbal statement during the phone call in 2025/05/26, he resigned from his position as a professional accountant following the breakup of his relationship in 2017/2018. He then returned to live with his parents. So to keep him on track, he did some work on his parents’ cottage. BR explained that his parents could take care of it, but to help him get through this tough times and change his mind and move on to other things, they agreed that he would do some small tasks with the cottage and get paid in return. There is actually a single deposit of the amount \$6,020 in the unidentified bank statements in 2019/09/12, as the declared amount of his tax return. However Initially, considering the situation, the income he earned was not self-employment income, but rather a financial support from his parents to get him through the post-breakup period.

[29] Given the limited evidence and documentation before the decision-maker, the single deposit made, the source of the funds, and the Applicant’s explanation on the phone interview, in my view, it was open for the Officer to conclude that the money was financial support and therefore ineligible income. The Officer considered the information before them and provided transparent and intelligible reasons that were responsive to the central issue.

[30] Similarly, I find no reviewable error in the Officer’s consideration of the \$5,000 claimed from the script writing contract with the Applicant’s mother. The Officer considered the contract, including the Applicant’s description of the relationship under the contract which was provided during their telephone interview. However, the Officer found the terms more conducive to an investment rather than self-employment income. As explained by the Officer in the Case Notes, the foundation for a self-employment relationship (payment for service) was not present. Instead,

the consideration gained by the Applicant's mother for payment was prospective gain on her own money that was paid:

The amount that his mother paid was an investment for the script, which will be returned with a percentage when, and only when, the script is sold. Which not sure because there was only one customer at that time. In fact, it's like a share or stake, as in hope of gain in the future. BR did confirm himself during the call interview that was like an investment from his mother.

This is an investment because in order to finish the script, she gave him money, to support BR daily during the process of completing the script and then she will gain profit with the selling prices. She earns money from her money, without working for it directly.

Whereas a self-employment income is earning the money by running, working on a business, get paid after providing the services. The person work for money,

That's the difference between investment and self-employment in this case.

[31] The Officer considered the information provided and addressed the arguments made but did not find it supportive of self-employment income.

[32] I see no reviewable error in the Officer's findings as it followed a rational chain of analysis based on the evidence before the Officer, including the Applicant's own characterization of the contract, and the non-arms length relationship involved.

[33] Applying the considerations listed in the Guidelines regarding non-arms length situations to the facts here, I do not find the Decision unreasonable.

B. *Was there a breach of procedural fairness?*

[34] The Applicant was provided with several opportunities to provide both written and oral feedback relating to the concerns on his file. While he seems to be arguing that he did not have an opportunity to respond and “provide corrections or additional facts” before the Decision was made, I cannot agree.

[35] This is not a case where the Applicant was “kept in the dark” about a decision-maker’s concerns or was denied a meaningful opportunity to participate in the decision-making process: *Chawla v Canada (Citizenship and Immigration)*, 2014 FC 434 at para 19. Here, the Applicant engaged in multiple reviews with the CRA where the CRA’s concerns were discussed. The Decision was made by a new reviewer who conducted a detailed interview with the Applicant which allowed him to provide additional submissions on his eligibility for benefits, the circumstances surrounding his 2019 income tax return, and the amounts claimed. The responses provided by the Applicant were considered by the Officer along with the Guidelines and documents provided as reflected in the Case Notes.

[36] The disputed items highlighted by the Applicant now are either inconsequential to the Decision (*i.e.*, how the Officer characterized the Applicant’s termination of work as an accountant), or more appropriately characterized as a disagreement with the Decision itself. The Applicant has not established a breach of procedural fairness.

[37] As the Applicant has not identified a reviewable error, the application for judicial review must be dismissed.

[38] No costs were requested by the Respondent and as such, none are awarded.

JUDGMENT IN T-2518-25 AND T-2520-25

THIS COURT'S JUDGMENT is that:

1. The application for judicial review is dismissed.
2. There shall be no award of costs.

"Angela Furlanetto"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-2518-25 AND T-2520-25

STYLE OF CAUSE: PAUL JAMES YATES v THE ATTORNEY GENERAL
OF CANADA

PLACE OF HEARING: EDMONTON, ALBERTA

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APPEARANCES:

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(ON HIS OWN BEHALF)

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