

Federal Court



Cour fédérale

Date: 20260424

**Dockets: T-2743-24
T-2818-24**

Citation: 2026 FC 547

Montreal, Québec, April 24, 2026

PRESENT: The Honourable Madam Justice Ferron

BETWEEN:

**HARINDER TOOR
SUNDEEP TOOR**

Applicants

and

ATTORNEY GENERAL OF CANADA

Respondent

JUDGMENT AND REASONS

I. Overview

[1] Mrs. Sundeep Toor and her spouse, Mr. Harinder Toor [collectively the Applicants], seek the judicial review of two decisions from the Minister of National Revenue [Minister] dated September 17, 2024, partially denying the waiver or cancellation of interest and late-filing penalties assessed in respect of the reporting periods ending October 31, 2014 [Decisions] pursuant to section 281.1 of the *Excise Tax Act*, RSC 1985, c E-15 [Act], that they sought. The Minister

found that the Applicants' materials did not demonstrate financial hardship that would warrant the relief requested.

[2] The Applicants submit that the Decisions were not reasonable and were not rendered in a procedurally fair manner. The Applicants question the conduct of the CRA in the context of the first evaluation of their respective relief requests (no response to their numerous phone messages and inexplicable delays) and "believe" that, in the end, the CRA agent who handled their files, having been promoted, rushed the review of their requests. With respect to the second review of their relief requests, the Applicants essentially submit that the Minister failed to adequately consider their circumstances and meaningfully assess their evidence. In the Applicants' view, it would be unfair to charge them interest and penalties for the period during which their appeals to the Tax Court of Canada were ongoing, given that they agreed to extensions and delays requested by the CRA's lawyers in the context of the proceedings. They submit that during the pandemic, the Canadian government provided "benefits to those in need" and that granting them only four months of relief for the impact of the pandemic, that lasted much longer, is unreasonable. The Applicants also claim that they faced, and still face, financial hardship. They note that they have three children and, during the pandemic, Mr. Toor's work was "significantly reduced" while his spouse was on maternity leave. Given these circumstances out of their control, they submit that no interest should be charged. The Applicants highlight that they still paid the principal (the taxes owed) in full, using a credit line, and sought relief solely as concerns the interests and penalties. At the hearing, they highlighted that they have substantial ongoing liabilities and loans, for which they have a hard time paying more than the ongoing interest.

[3] The Attorney General of Canada [AGC] responds that the Decisions ought not to be disturbed as they were reasonable. They were transparent, intelligible, and justified in view of the facts and the law constraining the decision makers. The AGC stresses that section 281.1 of the *Act* “gives the Minister broad discretion to waive or cancel penalties and interest otherwise payable under the Act” and argues that the Minister used their discretion in accordance with the administrative guidelines developed by the CRA to inform and facilitate its exercise. The AGC also notes that the Applicants were represented by counsel throughout the appeal process and all the extensions were consented to, so they cannot be attributed to the CRA. They further submit that the Applicants were informed that interests were compounding daily even if the Assessments were objected to or appealed and, while the appeals settled in November 2022, the Applicants did not make any payment until “well after” -specifically in April 2024.

[4] According to the AGC, the Minister could reasonably conclude that the Applicants’ situation did not warrant relief for financial hardship given the definition that the CRA gives to this concept. The files demonstrate their “ongoing ability to pay” including given their net worth in excess of 600 000\$ and the fact that they continue to pay other creditors for loans, credit cards, vehicle lease payments and recreation.

[5] The AGC submits that the Decision did grapple with the Applicants’ personal circumstances but “[i]t was reasonable for the Minister to find based on the information and documents before them that the Applicant[s] had and ha[ve] had the means and the ability to pay [their] tax debt and could afford basic necessities”. Lastly, as concerns procedural fairness, the AGC pleads that it was not raised in the Applicants’ notices of application. Furthermore, regarding

same, “[o]ther than asserting that there is a concern of procedural fairness, the Applicant[s have] not identified any serious defects with the Decision[s] or the process leading up to [them]”, for their complaints relate mostly with the outcome of the first review of their requests, which is not the decisions under review in the current proceeding.

[6] While the Court has empathy for the Applicants’ situation, for the reasons that follow, the applications for judicial review will be dismissed. Given the legislative provisions, the records that were before the Minister, and the reasons indicated in the Decisions, the Court has not been convinced that the Decisions are unreasonable.

II. Facts

[7] The Respondent explains that the Applicants were each assessed “for the periods ending March 31, 2012 and October 31, 2014 in respect of a deemed supply of houses they had built” (the “Assessments”). They objected to the Assessments. Once the Assessments were confirmed, they appealed to the Tax Court of Canada. These appeals were settled on November 9, 2022. As part of the settlement, the 2012 Assessments and their related penalties and interest were vacated. The Applicants received the notices of reassessments on or about February 24, 2023. Soon thereafter, on April 10, 2023, they applied for interest and penalty relief.

[8] On March 25, 2024, the Minister rendered a first decision, denying the requested relief on the basis that:

- i. The CRA had already granted reliefs for the periods of (1) December 4, 2017, to January 8, 2018, (2) of April 1, 2018, to July 27, 2018, both of which are due to

delays in the audit process, and (3) of March 16, 2020, to August 27, 2020, to account for delays caused by the COVID-19 pandemic; (the Court notes that these reliefs were provided by the CRA but do not result from requests made by the Applicants)

- ii. The Applicants were not otherwise prevented from paying the amount due as a result of actions by the CRA or because of circumstances beyond their control;
- iii. The evidence provided did not support the proposition that the relief should be granted based on undue hardship, especially given their sufficient assets and income.

[9] On April 25, 2026, the Applicants requested a second review of their relief requests.

III. Decisions under review

[10] A second independent review was conducted in both cases. The Taxpayer Relief Fact Sheets, which are documents compiling the notes prepared by or for the decision makers in the course of their analysis of the files, can be consulted to understand the rationale for the Decisions, for they reveal the elements that were taken into consideration (*6857559 Manitoba Ltd v Canada (Attorney General)*, 2026 FC 272 at para 12; *Rotfleisch v Canada (Attorney General)*, 2025 FC 1529 at para 36 citing *Maloney v Canada (Attorney General)*, 2024 FC 1474 at para 37; *Macintosh v Canada (National Revenue)*, 2019 FC 1343 at para 12).

[11] Further to this second analysis, on September 17, 2024, the Minister denied for the most part the reliefs sought by both Applicants. The Minister did, however, grant a waiver of the interest

for the period of April 10, 2023, to February 16, 2024, due to the CRA's delay in processing the relief requests (i.e. in the context of the first review).

[12] These second review Decisions are the only ones before this Court in judicial review. As the Respondent appropriately summarized, the Decisions clearly explain the reasons why the requested reliefs were denied, namely:

- i. There are no predetermined timeframes to conduct an Audit but the Applicants had already been provided some relief from interest due to delays caused by the CRA in the audit process;
- ii. The Applicants had also already been granted relief for delays in their appeal caused by the onset of the Covid-19 pandemic, and no further waiver related to this health emergency was deemed necessary given that the proceedings resumed four months after the onset of the pandemic;
- iii. the Applicants were aware that interest would continue to accrue on the balance owing notwithstanding the fact that an objection to the Assessments was lodged. Notice of this fact was given to them through a letter dated July 3, 2019;
- iv. financial hardship that warranted interest relief was not demonstrated;
- v. the Applicants' income, assets and access to credit were sufficient to meet the household's necessities, and demonstrate the Applicants' ability to pay the arrears; and
- vi. the Applicants were not prevented from meeting their obligations because of circumstances beyond their control.

[13] Given the above, the CRA reached the conclusion that the Applicants' circumstances did not warrant further cancellation of the interests and penalties imposed on them.

IV. Analysis

A. *Preliminary question – the proper style of cause*

[14] It is submitted that the appropriate Respondent in this matter should be the AGC. The Applicants have no objection. As per paragraph 303(2) of the *Federal Court Rules*, DORS/98-106, this is correct. The style of cause will therefore be amended to designate the AGC as the Respondent (*Auburn v Canada (Attorney General)*, 2025 FC 785 at para 26 citing *Aryan v Canada (Attorney General)*, 2022 FC 139 at paras 13-14).

B. *Applicable Standard of Review*

[15] The parties submit and the Court agrees that the standard of review, in the present matter is reasonableness (*Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 [*Vavilov*]; see also *Canada Revenue Agency v Telfer*, 2009 FCA 23, at para 2; *Demma v Canada (Attorney General)*, 2024 FC 2091, at para 16).

[16] As this Court noted in *Worobec v Canada (Attorney General)*, 2025 FC 1319 at paragraph 35, this standard of review was well summarized by Justice Walker (as she was then) in *Messenger v Canada (Attorney General)*, 2021 FC 95 *Messenger*:

[11] In *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 (*Vavilov*), the

majority of the Supreme Court of Canada (SCC) established reasonableness as the presumptive standard of review of the merits of administrative decisions, subject to specific exceptions “only where required by a clear indication of legislative intent or by the rule of law” (*Vavilov* at para 10). There is no basis for departing from the presumptive standard of review in this case (*Canada Post Corp. v Canadian Union of Postal Workers*, 2019 SCC 67 at para 27 (*Canada Post*)). A review of the Decision for reasonableness is also consistent with the pre-*Vavilov* jurisprudence (*Bonnybrook Park Industrial Development Co. Ltd. v Canada (National Revenue)*, 2018 FCA 136 at para 22; *Weldegebriel v Canada (Attorney General)*, 2019 FC 1565 at para 5 (*Weldegebriel*)).

[12] The majority in *Vavilov* reviewed in detail the content of reasons a reviewing court may expect in an administrative decision and cautioned that a review for reasonableness must consider the decision maker’s reasoning and the outcome of the decision (*Vavilov* at paras 86-87). A reviewing court must determine whether the decision bears the hallmarks of reasonableness - justification, transparency and intelligibility (*Vavilov* at para 99). A reasonable decision is one based on an internally coherent and rational chain of analysis and justified in relation to the relevant facts and applicable law (*Vavilov* at paras 105-106). In this application, the scheme of the *ITA* and the requirements of subsection 207.06(1) of the *ITA* are central to my review of the Decision (*Vavilov* at para 108; *Entertainment Software Association v Society of Composers, Authors and Music Publishers of Canada*, 2020 FCA 100 at paras 34-35).

[17] Furthermore, “reasonableness review is a deferential but robust form of review” (*Ifi v Canada (Attorney General)*, 2020 FC 1150 [*Ifi*] at para 14). This standard applies to the exercise of a discretionary power by the Minister (*6857559 Manitoba Ltd v Canada (Attorney General)*, 2026 FC 272 at para 20; *Chan v Canada (Attorney General)*, 2025 FC 1209 at paras 27-29; *Demma*

v Canada (Attorney General), 2024 FC 2091 at paras 16-17; *Ifi* at para 12; *Weldegebriel v Canada (Attorney General)*, 2019 FC 1565 at para 5 [*Weldegebriel*]).

[18] The impact of a decision on an individual may require enhanced responsive justification, which is a key element to consider for a court conducting a reasonableness review. As the Supreme Court of Canada stressed in *Mason v Canada (Citizenship and Immigration)*, 2023 SCC 21 [*Mason*]:

[76] Vavilov also explained that “[w]here the impact of a decision on an individual’s rights and interests is severe, the reasons provided to that individual must reflect the stakes” (para. 133). The principle of “responsive justification” means that if a decision has “particularly harsh consequences for the affected individual”, then “the decision maker must explain why its decision best reflects the legislature’s intention” (para. 133). An administrative decision may be unreasonable if it fails to grapple with particularly severe or harsh consequences for the affected individual (para. 134). An administrative decision maker’s reasons must “demonstrate that they have considered the consequences of a decision and that those consequences are justified in light of the facts and law” (para. 135).

(See also *Onex Corporation v Canada (Attorney General)*, 2024 FC 1247 at para 46)

[19] That said, the party challenging the decision has the burden of proving that it is unreasonable. They must satisfy the Court that the decision has “sufficiently serious shortcomings”, that there is a “fatal flaw” in its overarching logic (*Vavilov* at paras 100-102).

C. *The Decision is reasonable*

[20] In the context of extraordinary circumstances, section 281.1 of the *Act* provides the Minister with a discretionary power to grant a waiver or cancel penalties and interest assessed on taxpayers in the previous 10 calendar years. This is not a right vested in any taxpayer but a discretionary power that the Minister may exercise.

[21] The CRA, Information Circular IC-07-1R1, “Taxpayer Relief Provisions” (August 18, 2017), [IC 07-1R1], provides useful information regarding the application of this section of the *Act*:

| Circumstances that may warrant relief from penalties and interest | Situations qui peuvent justifier un allègement des pénalités et des intérêts |
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| <p>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:</p> <ul style="list-style-type: none"> a) extraordinary circumstances b) actions of the CRA c) inability to pay or financial hardship | <p>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 :</p> <ul style="list-style-type: none"> a) Circonstances exceptionnelles b) Actions de l’ARC c) Incapacité de payer ou difficultés financières |
| <p>24. The legislation does not identify specific situations for which the minister has the authority to waive or cancel penalties and interest. The guidelines in this part of the information circular are not binding in law. They do not give the minister's delegate the authority to deny a request and exclude it from proper consideration simply because the taxpayer's circumstances do not meet a guideline described in Part II of this</p> | <p>24. La législation ne précise pas les situations spécifiques où le ministre a le pouvoir d’annuler des pénalités et des intérêts ou d’y renoncer. Les présentes lignes directrices n’ont pas force exécutoire. Elles ne donnent pas à un fonctionnaire délégué du ministre le pouvoir de refuser une demande et de l’exclure d’une attention convenable simplement parce que la situation du contribuable ne correspond pas</p> |

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| <p>information circular. The minister's delegate may also grant relief even if a taxpayer's circumstances do not fall within the situations stated in 23.</p> | <p>à l'une des lignes directrices décrites dans la Partie II de la circulaire. Un fonctionnaire délégué du ministre peut accorder un allègement même si la situation du contribuable ne correspond pas à celles mentionnées au paragraphe 23.</p> |
| <p>Extraordinary circumstances</p> | <p>Circonstances exceptionnelles</p> |
| <p>25. Penalties and interest may be waived or cancelled in whole or in part, if they result from circumstances beyond a taxpayer's control. Extraordinary circumstances that may have prevented a taxpayer from making a payment when due, filing a return on time, or otherwise complying with an obligation under the act include, but are not limited to, the following examples:</p> <ul style="list-style-type: none"> a) natural or human-made disasters, such as flood or fire b) civil disturbances or disruptions in services, such as a postal strike c) serious illness or accident d) serious emotional or mental distress, such as death in the immediate family | <p>25. Les pénalités et les intérêts peuvent faire l'objet d'une renonciation ou d'une annulation, en tout ou en partie, si elles découlent de circonstances indépendantes de la volonté du contribuable. Les circonstances exceptionnelles qui peuvent avoir empêché un contribuable d'effectuer un paiement lorsqu'il était dû, de produire une déclaration à temps ou de s'acquitter de toute autre obligation que lui impose la Loi comprennent, sans en exclure d'autres, les suivantes :</p> <ul style="list-style-type: none"> a) Catastrophes naturelles ou d'origine humaine, telles qu'une inondation ou un incendie. b) Troubles publics ou interruptions de services, tels qu'une grève des postes. c) Maladies ou accidents graves. d) Troubles émotifs sévères ou souffrances morales graves, tels qu'un décès dans la famille immédiate. |
| <p>Actions of the CRA</p> | <p>Actions de l'ARC</p> |
| <p>26. Penalties and interest may also be waived or cancelled if they resulted mainly because of actions of the CRA, such as:</p> <ul style="list-style-type: none"> a) processing delays that result in the taxpayer not being informed, within a reasonable time, that an amount was owing b) errors in material available to the public, which led taxpayers to file | <p>26. Les pénalités et les intérêts peuvent également faire l'objet d'une renonciation ou d'une annulation s'ils découlent principalement d'actions de l'ARC, telles que des :</p> <ul style="list-style-type: none"> a) retards de traitement, qui ont fait en sorte que le contribuable n'a pas été informé d'une somme due dans un délai raisonnable; |

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| <p>returns or make payments based on incorrect information</p> <p>c) incorrect information provided to a taxpayer</p> <p>d) errors in processing</p> <p>e) delays in providing information, such as when a taxpayer could not make the appropriate instalment or arrears payments because the necessary information was not available</p> <p>f) undue delays in resolving an objection or an appeal, or in completing an audit</p> | <p>b) erreurs dans la documentation mise à la disposition du public qui a amené des contribuables à soumettre des déclarations ou à faire des paiements en se fondant sur des renseignements inexacts;</p> <p>c) renseignements inexacts fournis à un contribuable;</p> <p>d) erreurs de traitement;</p> <p>e) renseignements fournis en retard, comme lorsqu'un contribuable n'a pas pu faire les paiements adéquats d'acomptes provisionnels ou d'arriérés parce que les renseignements nécessaires n'étaient pas disponibles;</p> <p>f) retards excessifs pour régler une opposition ou un appel ou pour faire une vérification.</p> |
| <p>Inability to pay or financial hardship</p> | <p>Incapacité de payer ou difficultés financières</p> |
| <p>27. It maybe appropriate, in circumstances where there is a confirmed inability to pay all amounts owing, to consider waiving or cancelling all or part of the interest, to enable taxpayers to pay their debt. For example:</p> <p>a) when collection has been suspended due to an inability to pay and substantial interest applies to the outstanding amount</p> <p>b) when a taxpayer's demonstrated ability to pay requires an extended payment arrangement, consideration may be given to cancelling all or part of the interest for the period from when payments start until the amounts owing are paid, as long as the agreed payments</p> | <p>27. Il peut être indiqué, lorsqu'une incapacité de payer tous les montants dus est confirmée, d'envisager d'annuler les intérêts ou d'y renoncer, en tout ou en partie, pour permettre à un contribuable de payer sa dette. Par exemple, lorsque :</p> <p>a) des mesures de recouvrement ont été suspendues à cause de l'incapacité de payer et qu'un montant considérable d'intérêts est dû;</p> <p>b) la capacité de payer démontrée d'un contribuable exige une entente de paiement prolongée, on peut envisager l'annulation des intérêts, en tout ou en partie, pour la période allant du début des paiements jusqu'à ce que le solde soit payé, à condition que les paiements convenus soient faits à temps et que le</p> |

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| <p>are made on time and compliance with the act is maintained</p> <p>c) when payment of the accumulated interest would cause a prolonged inability to provide basic necessities (financial hardship) such as food, medical care, transportation, or accommodation</p> <p>d) when a taxpayer cannot make a reasonable payment arrangement because the interest charges would absorb a significant portion of the payments, cancelling all or part of the interest for the period from when payments start until the amounts owing are paid may be considered, as long as the agreed payments are made on time and compliance with the act is maintained</p> | <p>contribuable continue de respecter la Loi;</p> <p>c) le paiement des intérêts accumulés cause une incapacité prolongée (difficultés financières) à subvenir aux besoins essentiels de nourriture, de soins médicaux, de transport, ou de logement;</p> <p>d) un contribuable n'est pas en mesure de conclure une entente de paiement raisonnable parce que les frais d'intérêts absorbent une partie importante des paiements, on peut envisager l'annulation des intérêts, en tout ou en partie, pour la période allant du début des paiements jusqu'à ce que le solde soit payé, à condition que les paiements convenus soient faits à temps et que le contribuable continue de respecter la Loi.</p> |
| <p>28. Cancelling a penalty based on an inability to pay or financial hardship would not generally be considered, unless an extraordinary circumstance prevents compliance. See 25. However, there may be exceptional situations for which penalties are cancelled, in whole or in part. For example, when a business is experiencing extreme financial difficulty, and enforcement of such penalties would jeopardize the continuity of its operations, the jobs of the employees, and the welfare of the community as a whole, providing relief from the penalties may be considered.</p> | <p>28. De façon générale, on n'envisagera pas l'annulation d'une pénalité en raison d'une incapacité de payer ou de difficultés financières à moins que des circonstances exceptionnelles, telles qu'elles sont décrites au paragraphe 25, aient empêché le respect des lois. Cependant, des situations exceptionnelles peuvent donner lieu à l'annulation totale ou partielle des pénalités. Par exemple, lorsqu'une entreprise éprouve des difficultés financières et que l'exécution des pénalités mettrait en danger la continuité de son exploitation, l'emploi de ses employés et le bien-être de la communauté dans son ensemble, l'allègement des pénalités peut être considéré.</p> |
| <p>28.1. The CRA will review in detail a taxpayer's financial situation to determine their ability to pay amounts owing and the interest charges that will continue to accrue. A financial review considers such things as:</p> <ul style="list-style-type: none"> ● income and expenses | <p>28.1. L'ARC effectuera un examen détaillé de la situation financière d'un contribuable afin de déterminer sa capacité de payer le solde dû et les frais d'intérêts qui continueront de s'accumuler. Un examen financier tient compte de ce qui suit :</p> |

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| <ul style="list-style-type: none"> ● assets and liabilities ● the ability to borrow funds and sell assets ● actions and efforts to pay amounts owing <p>The review may confirm a taxpayer's inability to pay and to what extent it may be appropriate to cancel current interest charges. For an individual taxpayer, the review will also consider the income, expenses, assets, and liabilities of household members (for example, spouse or common-law partner). All relevant factors that affect the individual taxpayer's benefits and obligations in connection with their financial and living requirements may be reviewed to determine the taxpayer's ability to pay a balance owing.</p> | <ul style="list-style-type: none"> ● Revenus et dépenses ● Actifs et passifs ● Capacité d'emprunter des fonds ou de vendre des actifs ● Conduite et efforts pour payer le solde dû <p>L'examen peut confirmer l'incapacité de payer du contribuable et la mesure dans laquelle il peut être indiqué d'annuler des frais d'intérêts. Pour un particulier, l'examen tiendra aussi compte du revenu, des dépenses, des actifs et des passifs des membres du ménage (par exemple, époux ou conjoint de fait). Tous les facteurs pertinents qui ont une incidence sur les avantages et les obligations du contribuable par rapport à ses besoins financiers et à ses conditions de vie sont examinés afin de déterminer sa capacité de payer le solde dû.</p> |
| [...] | [...] |
| Factors used in arriving at the decision | Facteurs de décision |
| <p>33. Where circumstances beyond a taxpayer's control, actions of the CRA, inability to pay, or financial hardship has prevented the taxpayer from complying with the act, the following factors will be considered when determining if the minister's delegate will cancel or waive penalties and interest:</p> <ul style="list-style-type: none"> a) whether the taxpayer has a history of compliance with tax obligations b) whether the taxpayer has knowingly allowed a balance to exist on which arrears interest has accrued c) whether the taxpayer has exercised a reasonable amount of care and has not been negligent or careless in conducting | <p>33. Lorsque des circonstances indépendantes de la volonté du contribuable, des actions de l'ARC, une incapacité de payer ou des difficultés financières ont empêché un contribuable de respecter la Loi, les facteurs suivants serviront à déterminer si un fonctionnaire délégué du ministre du Revenu national annulera les pénalités et les intérêts ou y renoncera. On évaluera si le contribuable a :</p> <ul style="list-style-type: none"> a) respecté, par le passé, ses obligations fiscales; b) en connaissance de cause, laissé subsister un solde en souffrance qui a engendré des intérêts sur arriérés; |

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| <p>their affairs under the self-assessment system</p> <p>d) whether the taxpayer has acted quickly to remedy any delay or omission</p> | <p>c) fait des efforts raisonnables et géré de façon responsable ses affaires selon le régime d'autocotisation;</p> <p>d) agi rapidement pour remédier à tout retard ou à toute omission.</p> |
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[22] The Applicants submit that they meet all three conditions of section 23 of the Guidelines. They further add, during the hearing, that the Minister did not properly apply the Guidelines. They submit that the Minister did not meaningfully consider their “Inability to pay or financial hardship” and raise, for the first time at the hearing, that the Minister did not consider the fact that interest charges make up a major amount of what is due, and that they are almost equivalent to the capital (i.e. the GST) which they had to pay and that they did pay, using a line of credit that they now also have to pay, with interest. They further explain that the accrued interest result from the fact that they could not seek a waiver until after the appeal process was finalized and that same took many years. Hence, they reiterate that having to pay interest for the time of the appeal process is unfair.

[23] In the present matter, the Minister analyzed the Applicants’ submissions and evidence, considered their situation and circumstances surrounding the imposition of penalties and interests, and concluded that waivers were not warranted, except with respect to the period from April 10, 2023, to February 16, 2024, when interests kept accruing due to the CRA delay in processing their first relief requests.

[24] The Applicants do not raise any specific errors with the Decisions. They simply allege that their financial hardship, as well as the impacts of the Covid-19 pandemic, the various delays in the

context of the Audit, and the delays in the context of their appeals of the Assessments, were not meaningfully considered, which they submit makes the Decisions unreasonable.

[25] While I empathize with the Applicants' situation, their submissions have no merit. The Tax Relief Fact Sheets and the Decisions themselves show that the Minister thoroughly and meaningfully assessed their submissions and evidence. The Minister found that the Applicants had 1) failed to show how they were prevented or unable to file their returns for the October 31, 2014 period; 2) that while the debt “arose” from the CRA audit, taxpayers are expected to have knowledge of their tax obligations so they ought to have known those amounts would be due; 3) once the Assessments were issued, the Applicants were advised that interest would be compounded daily even if the Assessments were appealed, 4) the Applicants knowingly allowed a balance to remain owing, on which interest would continue to accrue, and did not make any payments on the debt before April 2024. The Minister also found that based on the Applicants’ assets and monthly income, as well as their ongoing expenses, their files did not warrant interest relief due to financial hardship. In doing so, the Minister explicitly cited the definition of financial hardship found in IC07-1R1, and the factors to be considered according to paragraph 33 of that circular. Based on the records, these findings by the Minister were not unreasonable.

[26] As the Federal Court of Appeal stressed in *Connolly v Canada (National Revenue)*, 2019 FCA 161 at para 69, “because the Canadian tax system is based on self-assessment, it is incumbent on taxpayers to take reasonable steps to comply with the ITA, including by seeking advice where necessary” (see also *Yew v Canada (Revenu Agency)*, 2022 FC 904, at para 49-50). This observation is not limited to the *Income Tax Act*, it also applies to the *Act (Contact Lens King Inc*

v Canada, 2022 FCA 154 at para 60; *Roofmart Ontario Inc v Canada (National Revenue)*, 2020 FCA 85 at para 55; *Canada v Cheema*, 2018 FCA 45 at para 109). In the present matter, the Applicants were represented by a lawyer in the context of their contestation of the Assessments and they were specifically informed of the ongoing compounded daily interest on their tax debt with the letter dated July 3, 2019.

[27] While the Court recognizes that there were delays during the appeal process of the Assessments that may have not been caused by the Applicants, the records shows that these delays and time extensions were agreed to by both parties. These delays were considered by the CRA in their analysis.

[28] As for “financial hardship”, the CRA defines this as “the prolonged inability to afford basis necessities such as food, clothing, and shelter and reasonable non-essentials”. This definition was accepted by Justice Zinn in *Pathak v Canada (National Revenue)*, 2019 FC 252, at paras 62-71 (see also *Joo v Canada (Attorney General)*, 2024 FC 1558 at para 14). In *Pathak*, the CRA proceeded to a similar evaluation of the applicant’s assets and refused to waive the penalties and interest.

[29] Given that the Applicants indicated having assets of \$2,772,912.50 and liabilities of \$2,121,246.50\$, leaving a net worth of \$ 651,666.00, and that they have a home equity line of credit of approximately \$375,000.00 and monthly incomes totalling \$18,725.00, it was not unreasonable for the Minister to reach the conclusion that “financial hardship” was not at play in the present matter. While it is true that the Applicants declared monthly expenses in excess of

their income (at \$19,131.00), it was not unreasonable for the decision maker to find that some of the expenses resulted from personal choices such as entering into expensive leases for luxury cars in 2023 and 2024. The evidence does not show that the Applicants are unable to afford the basic necessities of life.

[30] While it may be true that the Applicants current life expenses do not leave them with much excess, that they have limited savings and that they have numerous loans to pay, it is not the Court's role to reassess the evidence and come to its own conclusions. The role of the Court in judicial review is to assess if the Decisions were reasonable. The Court finds that they are.

[31] As previously stated, the Applicants bore the burden of proving that the Minister made a reviewable error when rendering the Decisions (*Vavilov* at para 100). They did not meet this burden.

[32] As for their argument of procedural fairness, not only were they not mentioned in their notices of application, but it was not truly addressed in their memoranda either. In any event, their claims on this issue appear to be related to the first review decisions of the CRA, which are not before this Court.

V. Conclusion

[33] The Court cannot conclude that the Decisions were unreasonable. On the contrary, the Minister's analysis was logical and coherent in consideration of the factual and legal constraints

applicable. The Decisions “bear the hallmarks of reasonableness – justification, transparency and intelligibility” (*Vavilov* at para 99).

[34] As Justice Gascon reminds us in *Mailloux c Canada (Procureur général)*, 2025 CF 583 (available in French only):

[Translation by the Court.]

[43] ...except in exceptional circumstances, it is not the duty of a reviewing court to reweigh the evidence in the record or to interfere with the CRA's findings of fact and substitute its own (*Vavilov* at para 125; *Canada (Canadian Human Rights Commission) v Canada (Attorney General)*, 2018 SCC 31 at para 55). Rather, the court must consider the reasons as a whole, in light of the record (*Agraira v Canada (Public Safety and Emergency Preparedness)*, 2013 SCC 36 at para 53), and simply consider whether the findings are irrational or arbitrary.

[35] The Applicants have not shown that the Decisions are flawed or that they have sufficiently serious shortcomings that would justify this Court’s intervention (*Vavilov* at paras 100–101). Further to its own review of the Minister’s reasons and of the evidence in the files, the Court is of the view that the Decisions are reasonable.

[36] In light of the reasons above, the applications for judicial review will be dismissed.

[37] In their memorandum, the AGC requested costs. At the hearing, the AGC advised that they left the issue of costs to the discretion of the Court but highlighted that the Applicants were very accommodating, including in agreeing to proceed virtually, and that although this matter covered two applications, the work was not duplicated. The Court is not convinced that costs are justified

in the present matter. Given the Court's discretion on this issue, the Court will not grant costs against the Applicants, who are self represented and made very professional, organized and reasonably concise representations before the Court (Rule 400(1) of the *Federal Court Rules*, DORS/98-106; *Showers v Canada (Attorney General)*, 2022 CF 1183 at para 32; *Hu v Canada (Attorney General)*, 2023 FC 1590 at para 36, aff'd 2024 FCA 215; *Lalonde v Canada (Revenue Agency)*, 2023 FC 41 at para 97).

JUDGMENT in T-2743-24 & T-2818-24

THIS COURT’S JUDGMENT is that:

1. The applications for judicial review are dismissed, without costs.

“Danielle Ferron”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKETS: T-2743-24 & T-2818-24

STYLE OF CAUSE: HARINDER TOOR & SUNDEEP TOOR v.
ATTORNEY GENERAL OF CANADA

PLACE OF HEARING: EDMONTON, ALBERTA

DATE OF HEARING: APRIL 15, 2026

JUDGMENT AND REASONS: FERRON J.

DATED: APRIL 24, 2026

APPEARANCES:

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Sundeep Toor

FOR THE APPLICANTS
(ON THEIR OWN BEHALF)

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FOR THE RESPONDENT

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