

BETWEEN:

AFDON CONTRACTING LTD.,

Appellant,

and

HIS MAJESTY THE KING,

Respondent.

Cost Submissions filed by the Appellant on January 7, 2026. Cost Submissions filed by the Respondent on February 6, 2026. Appellant's Response to the Respondent's Cost Submissions filed on February 23, 2026.

Before: The Honourable Justice Michael U. Ezri

Written submissions by:

Counsel for the Appellant: Elizabeth Junkin

Counsel for the Respondent: Karen Truscott

ORDER

[1] In accordance with the attached Reasons for Order, no costs of the appeal are awarded to either party.

Signed this 12th day of March 2026.

“Michael Ezri”

Ezri J.

BETWEEN:

AFSHIN TAJBAKHSI,

Appellant,

and

HIS MAJESTY THE KING,

Respondent.

Cost Submissions filed by the Appellant on January 7, 2026. Cost Submissions filed by the Respondent on February 6, 2026. Appellant's Response to the Respondent's Cost Submissions filed on February 23, 2026.

Before: The Honourable Justice Michael U. Ezri

Written submissions by:

Counsel for the Appellant: Elizabeth Junkin

Counsel for the Respondent: Karen Truscott

ORDER

[1] In accordance with the attached Reasons for Order, lump sum costs \$25,000.00 are awarded to the Respondent.

Signed this 12th day of March 2026.

“Michael Ezri”

Ezri J.

BETWEEN:

AFDON CONTRACTING LTD.,

Appellant,

and

HIS MAJESTY THE KING,

Respondent.

Cost Submissions filed by the Appellant on January 7, 2026. Cost Submissions filed by the Respondent on February 6, 2026. Appellant's Response to the Respondent's Cost Submissions filed on February 23, 2026.

Before: The Honourable Justice Michael U. Ezri

Written submissions by:

Counsel for the Appellant: Elizabeth Junkin
Counsel for the Respondent: Karen Truscott

ORDER

[1] In accordance with the attached Reasons for Order, no costs of the appeal are awarded to either party.

Signed this 12th day of March 2026.

“Michael Ezri”

Ezri J.

Citation: 2026 TCC 47
Date: 20260312
Docket: 2022-1036(GST)G

BETWEEN:

AFDON CONTRACTING LTD.,
Appellant,

and

HIS MAJESTY THE KING,
Respondent,

Docket: 2022-1037(IT)G

AND BETWEEN:

AFSHIN TAJBAKHSI,
Appellant,

and

HIS MAJESTY THE KING,
Respondent,

Docket: 2022-1038(IT)G

AND BETWEEN:

AFDON CONTRACTING LTD.,
Appellant,

and

HIS MAJESTY THE KING,
Respondent.

REASONS FOR ORDER

Ezri J.

[1] The above noted appeals were tried over five days in September and October 2025. Success was divided and the parties, unable to agree on costs, made brief submissions on the quantum of costs.

[2] The parties in their submissions covered the relevant costs principles very well and without any real difference on those principles.

Outcome of proceedings

[3] The outcome of the proceeding favoured the Crown. It is true that the assessments against the corporate assessments were vacated but those assessments were derivative assessments. The primary assessments arose from the audit of Mr. Tajbakhsh. There were also some elements of the assessment, e.g. capital gains, rental income and shareholder benefit that were unrelated to, and formed no part of, the corporate assessments.

[4] The Crown was significantly successful in defending Mr. Tajbakhsh's assessments. Adjustments albeit, the rental income and capital gain were reduced and the \$94,000 in management fees were disallowed albeit because they were statute barred rather than incorrect. The net worth was maintained almost in its entirety except for an \$80,000 revenue adjustment. Gross negligence penalties were adjusted but not vacated.

Importance of the Issues

[5] The issues were not important. This was a routine case involving unreported income and unreported capital gains. The amounts were however significant especially for an individual taxpayer. The federal tax and penalty approached \$1 million for the years in issue. The significance of the tax amounts as compared to Mr. Tajbakhsh's income was reflected in the decision to maintain the penalties.

Settlement Offers

[6] The only offer made at least 90 days prior to trial that might engage rules 147(3.1) or (3.2) was a Crown offer for a withdrawal of the appeals without costs. I don't find such offers to have much of an element of compromise and in any event the respondent did not do better than that opening offer.

[7] The appellant made a settlement offer on July 11, 2025 but did not in its submissions disclose the nature thereof. Counter offers and further counter offers followed ending on August 28 with the Crown's final offer being rejected. The trial then commenced but did not conclude and the parties again exchanged offers

with the appellant rejecting the final offer on October 22, the day before the trial resumed.

[8] The respondent's August 28 offer offered to reduce income and the final offer on October 22 would have also vacated all penalties. The following table shows the final offer and the actual result:

Party	Crown Offer	result
Afdon (income tax)	Vacate in full	Vacated in full
Afdon (GST)	Vacate in full	Vacated in full
Tajbakhsh 2011	Reduce by \$95k and no GNP	Reduce by approx. \$67k and GNP retained
Tajbakhsh 2012	Reduce by \$42k and no GNP	Reduce by \$26k and GNP retained
Tajbakhsh 2013	Reduce by \$80k and no GNP	Reduce by \$174k and GNP retained

[9] For the three tax years Mr. Tajbakhsh did approximately \$50,000 better than the offers on the tax side, but that was more than offset by the penalties which were defended by the Respondent.

[10] The Crown offers arrived too late to support enhanced costs but they do somewhat support costs above tariff for the last two days of trial.

[11] The appellant in his responding costs submissions states that, had the respondent's pre-October settlement offers more realistically reflected the strength of the appellant's positions, the appeals might have settled. I disagree. The respondent's August 28th offer came within \$50,000 in income of the final decision. It was the individual appellant who miscalculated.

Other Factors

[12] The respondent emphasizes the amount of work involved in the case. The point is a fair one, but I do take issue with the hours billed on the corporate appeals. The details attached to the responding submissions show almost \$100,000 on the individual appeal plus an additional \$75,000 on the corporate appeal. The corporate appeal had no unique or separate issues from the individual appeal. I

cannot conceive of how any additional time was spent on the corporate appeals much less how it could have almost doubled the total spent on the combined files. This is especially so since no evidence at all was led that related only to the corporate appeals and those appeals in fact foundered on the lack of any evidence connecting the Bahamas airport revenues with the corporations. I give no credit for the 236 hours ostensibly spent by the appellant on the corporate appeals after pleadings closed.

[13] I don't think any other factors really affect the costs of this case. I do note that both parties conducted themselves very well and I am appreciative of their efforts.

Amount sought by respondent

[14] The respondent's costs on a tariff basis are just about \$21,000 for the three replies to the notices of appeal. This includes \$700 for each of the three notices of appeal, but in my view no costs should be awarded for the replies in the two corporate appeals. I would therefore treat tariff costs as coming in at \$19,600 give or take.

Decision

[15] Given my views on the settlement offers, and the other factors, I think that based on the respondent's settlement offer, a trial was avoidable but the steps leading up to trial were not. I am prepared to allow a small premium over the tariff costs.

[16] There are no costs awarded for the corporate appeals. The costs payable to the Respondent for Mr. Tajbakhsh's appeal are fixed at a lump sum of \$25,000.

Signed this 12th day of March 2026.

“Michael Ezri”

Ezri J.

CITATION: 2026 TCC 47

COURT FILE NO.: 2022-1036(GST)G, 2022-1037(IT)G,
2022-1038(IT)G

STYLE OF CAUSE: AFDON CONTRACTING LTD. AFSHIN
TAJBAKSH AND HIS MAJESTY THE
KING

PLACE OF HEARING: N-A

DATE OF HEARING: N-A

REASONS FOR JUDGMENT BY: The Honourable Justice Michael U. Ezri

DATE OF JUDGMENT: March 12, 2026

APPEARANCES:

Counsel for the Appellant: Elizabeth Junkin
Counsel for the Respondent: Karen Truscott

COUNSEL OF RECORD:

For the Appellant:

Name: Elizabeth Junkin
Firm: Junkin Law Office

For the Respondent: Marie-Josée Hogue
Deputy Attorney General of Canada
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