

BETWEEN:

ROGER R. PRESSEAULT,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent.

Appeals heard on common evidence with the appeals of
Roger R. Presseault, 2009-1210(GST)I, and
Claire Presseault, 2009-1212(IT)I,
on November 8, 2010, at Ottawa, Ontario.

Before: The Honourable Justice Lucie Lamarre

Appearances:

For the Appellant:	The Appellant himself
Counsel for the Respondent:	Asheleigh Akalehiywot Paul Kippenstein (student-at-law)

JUDGMENT

The appeals with respect to the 1996, 1997, 1998 and 1999 taxation years are allowed to the extent only of what was agreed upon by the parties in the Partial Settlement referred to in the Reasons for Judgment, without costs, and the assessments are referred back to the Minister for reconsideration and reassessment.

Signed at Montreal, Quebec, this 7th day of February 2011.

"Lucie Lamarre"

Lamarre J.

BETWEEN:

ROGER R. PRESSEAULT,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent.

Appeal heard on common evidence with the appeals of
Roger R. Presseault, 2009-1203(IT)I, and
Claire Presseault, 2009-1212(IT)I,
on November 8, 2010, at Ottawa, Ontario.

Before: The Honourable Justice Lucie Lamarre

Appearances:

For the Appellant:	The Appellant himself
Counsel for the Respondent:	Asheleigh Akalehiywot Paul Kippenstein (student-at-law)

JUDGMENT

The appeal from the assessment made under Part IX of the *Excise Tax Act*, in respect of reporting periods from January 1, 1996 to December 31, 1999, is allowed only to the extent of what was agreed upon by the parties in the Partial Settlement referred to in the Reasons for Judgment, without costs, and the assessment is referred back to the Minister for reconsideration and reassessment.

Signed at Montreal, Quebec, this 7th day of February 2011.

"Lucie Lamarre"

Lamarre J.

Docket: 2009-1212(IT)I

BETWEEN:

CLAIRE PRESSEAULT,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent.

Appeals heard on common evidence with the appeals of
Roger R. Presseault, 2009-1203(IT)I and 2009-1210(GST)I,
on November 8, 2010, at Ottawa, Ontario.

Before: The Honourable Justice Lucie Lamarre

Appearances:

Agent for the Appellant:	Roger R. Presseault
Counsel for the Respondent:	Asheleigh Akalehiywot Paul Kippenstein (student-at-law)

JUDGMENT

The appeals with respect to the 1996, 1997, 1998 and 1999 taxation years are allowed to the extent only of what was agreed upon by the parties in the Partial Settlement referred to in the Reasons for Judgment, without costs, and the assessments are referred back to the Minister for reconsideration and reassessment.

Signed at Montreal, Quebec, this 7th day of February 2011.

"Lucie Lamarre"

Lamarre J.

Citation: 2011 TCC 69
Date: 20110207
Docket: 2009-1203(IT)I

BETWEEN:

ROGER R. PRESSEAULT,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent.

Docket: 2009-1210(GST)I

BETWEEN:

ROGER R. PRESSEAULT,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent.

BETWEEN:

CLAIRE PRESSEAULT,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent.

REASONS FOR JUDGMENT

Lamarre J.

[1] These are appeals from reassessments made by the Minister of National Revenue (**Minister**) under the *Income Tax Act* (**ITA**) and from an assessment under the *Excise Tax Act* (**ETA**). The two appellants, Roger R. Presseault and Claire Presseault, are husband and wife and were fifty-fifty partners in a partnership operating under the name Les Entreprises CRP Enterprises (**CRP**), which provided word-processing and translation services from the appellant's personal residence. They were each reassessed after the normal reassessment period, pursuant to subparagraph 152(4)(a)(i) of the ITA, for additional business income of \$12,286, \$35,970, \$16,998 and \$11,279 for the 1996, 1997, 1998 and 1999 taxation years respectively; they were also assessed gross negligence penalties pursuant to subsection 163(2) of the ITA and late-filing penalties pursuant to section 162 of the ITA. They were in addition assessed under the ETA additional goods and services tax (**GST**) totalling \$2,710 for the period from January 1, 1996 to December 31, 1997, were denied input tax credits (**ITCs**) totalling \$8,713 for the period from January 1, 1996 to December 31, 1999, and were charged a gross negligence penalty pursuant to section 285 of the ETA.

[2] In a Statement of Agreed Facts filed with the Court on June 1, 2010, it was agreed that each appellant had failed to report revenue in the amount of \$14,251 for the 1997 taxation year. It was also therein stated that they had received an amount of \$16,725 from the Lowe Martin Group. It was further stated in the Statement of

Agreed Facts that the parties agreed that the only remaining unreported income in issue was \$588.22 with respect to the 1996 taxation year, and that the only remaining expense amounts in issue for the 1996 through 1999 taxation years were the ones listed in that Statement of Agreed Facts.

[3] At the hearing, the parties filed at the outset a Partial Settlement, which is reproduced below:

The parties have agreed to settle these matters as set out below:

1. Ms. Presseault withdraws her appeal with regards to the 1996, 1997, 1998, 1999 taxation years with the exception of subcontracting/consulting and meals and entertainment expenses.
2. For subcontracting/consulting expenses, the amounts still in issue are: \$30,013.50 for 1996; \$15,100.38 for 1997; \$4,256.50 for 1998; 810,030.25 for 1999, to be divided between both appellants on a 50% basis.
3. For meals and entertainment, the amounts still in issue are: \$276.08 for 1996; \$225.59 for 1997; \$452.33 for 1998; \$323.30 for 1999, to be divided between both appellants on a 50% basis.

Unreported Income

4. With respect to the assessed amount of unreported income of \$588.22 in the 1996 taxation year, Mr. Presseault ("the Appellant") has withdrawn his appeal.
5. With respect to the assessed amount of unreported income of \$16,725 in the 1997 taxation year, the Appellant has withdrawn his appeal.

Advertising & Promotion Expenses

6. The Appellant claimed advertising and promotion expenses in the amount of \$2,553 in the 1996 taxation year. In addition to the amount of \$137.00 already allowed, a further amount of \$23.64 in expenses will be allowed for that year.
7. The Appellant claimed advertising and promotion expenses in the amount of \$3,217 in the 1997 taxation year. The amount of \$20.33 in expenses will be allowed for that year.
8. The Appellant claimed advertising and promotion expenses in the amount of \$4,306 in the 1998 taxation year. The amount of \$12.61 in expenses will be allowed for that year.

9. The Appellant claimed advertising and promotion expenses in the amount of \$1368 in the 1999 taxation year. No further amounts will be allowed for that year.
10. The Appellant has withdrawn his appeal with regards to all remaining disallowed advertising and promotion expenses for all taxation years in issue.
- 11.

Bad Debt Expense

12. The Appellant claimed a bad debt in the amount of \$275 for the 1997 taxation year. The Appellant has withdrawn his appeal with regards to that issue.
13. The Appellant claimed a bad debt in the amount of \$1,684 for the 1998 taxation year. The Appellant has withdrawn his appeal with regards to that issue.

Printing and Photocopying Expenses

14. With regards to printing and photocopying expenses claimed, the Appellant has withdrawn this appeal for all taxation years in issue. The following amounts were properly denied: for 1996, \$1,941; for 1997, \$5,440; for 1998, \$5,746; and for 1999, \$3,772¹.

Office Supplies Expenses

15. The Appellant claimed office supplies expenses in the amount of \$9,899 in the 1997 taxation year. A further amount of \$252.76 in expenses will be allowed for that year.
16. The Appellant claimed office supplies expenses in the amount of \$2,425 in the 1999 taxation year. A further amount of \$32.08 in expenses will be allowed for that year.
17. The Appellant has withdrawn his appeal with regards to all remaining disallowed office supplies expenses for all taxation years in issue.

¹ The figure is not clear on the copy filed in court.

In Home Office Expenses (rent, insurance, hydro, heat)

18. With respect to the amount of expenses claimed for in home office expenses (rent, insurance, hydro and heat), a further expense of \$2,458.85 for the 1996 taxation year; \$2,705.30 for the 1997 taxation year; \$2773.87 for the 1998 taxation year; \$2,700.33 for the 1999 taxation year will be allowed.

In Home Business Phone

19. With respect to the amount of expenses claimed for in-home business phone, a further expense of \$13.46 for the 1996 taxation year; \$38.63 for the 1997 taxation year; \$98.28 for the 1998 taxation year; \$151.96 for the 1999 taxation year will be allowed.

Automobile insurance Expenses

20. With respect to the amount of expenses claimed for automobile insurance for all the taxation years in issue, the Appellant has withdrawn his appeal regarding these expenses.

Automobile Lease Expenses

21. With respect to the amount of expenses claimed for automobile lease for all the taxation years in issue, the Appellant has withdrawn his appeal regarding these expenses.

Automobile Maintenance Expenses

22. With respect to the amount of expenses claimed for automobile maintenance for all the taxation years in issue, the Appellant has withdrawn his appeal regarding these expenses.

Automobile Gas Expenses

23. With respect to the amount of expenses claimed for automobile gas for all the taxation years in issue, the Appellant has withdrawn his appeal regarding these expenses.

Parking Expenses

24. The Appellant claimed parking expenses of \$1,272 in the 1996 taxation year, which were denied in the assessment. The Appellant has withdrawn his appeal for this issue.
25. The Appellant claimed parking expenses of \$1,084 in the 1997 taxation year, which were denied. The Appellant has withdrawn his appeal with regard to this issue.
26. The Appellant claimed parking expenses of \$815 in the 1998 taxation year, which were denied. The Appellant has withdrawn his appeal with regard to this issue.
27. The Appellant claimed parking expenses of \$480 in the 1999 taxation year, which were denied. The Appellant has withdrawn his appeal with regard to this issue.

Gross Negligence Penalties assessed under s. 163(2) of the *Income Tax Act*

28. The Appellant has been assessed gross negligence penalties as per subsection 163(2) of the *Income Tax Act* ("the *Act*"). The Appellant agrees the gross negligence penalties shall apply and shall be adjusted accordingly with the above paragraphs.
29. The Appellant further agrees that as per subsection 152(4) of the *Act*, the Minister properly reassessed the taxation years in question.
30. If the Appellant is unsuccessful in his appeal to the Tax Court regarding the subcontracting/consulting expenses or regarding meals and entertainment expenses, it is agreed that gross negligence penalties as per subsection 163(2) of the *Act* shall apply to those expenses. The Minister shall not be required to call evidence in this regard to meet his burden of proof.

Late-filing penalties assessed under s. 162 of the *Income Tax Act*

31. The Appellant has been assessed late-filing penalties as per section 162 of the *Act*. The Appellant agrees the late-filing penalties shall apply and shall be adjusted accordingly with the above paragraphs.

GST

32. The Appellant has been assessed gross negligence penalties as per section 285 of the *Excise Tax Act*. The Appellant agrees the gross negligence penalties shall apply and shall be adjusted accordingly with the above paragraphs.

33. The Minister assessed an additional GST collectible of \$2,710.09 for the period from January 1, 1996 to December 31, 1997. The appellant has withdrawn his appeal in regards to this issue.
34. The Minister denied input tax credits of \$8,713.26 for the period from January 1, 1996 to December 31, 1999. An additional amount of \$144.42 in input tax credits will be allowed. The appellant withdraws his appeal with respect to all other issues in regards to input tax credits except for with respect to subcontracting/consulting and meals and entertainment expenses.

Issues remaining to be resolved

35. The only matters remaining to be resolved before the Tax Court of Canada are the amounts claimed and denied for subcontracting/consulting expenses and meals and entertainment expenses for the taxation years at issue and the corresponding input tax credits, which amount to \$3,062.58 and \$89.16 respectively for the taxation years in issue.
36. The Appellant has withdrawn his appeal with regards to all remaining issues for all taxation years in issue.

[4] As set out in paragraphs 2, 3 and 34 of the Partial Settlement referred to above, the only matters remaining to be resolved before me are the amounts claimed and denied for subcontracting/consulting expenses and meal and entertainment expenses for the taxation years at issue and the corresponding ITCs.

[5] Roger Presseault testified for the appellants, his wife being too sick to attend the hearing. All expenses at issue relate to an alleged contractual relationship between the appellants and a person by the name of Daniel Ryan. Mr. Presseault said that he was introduced to Mr. Ryan in 1992. At the time, Mr. Ryan was the executive director of the Native Council of Canada (NCC). On August 23, 1993, a contract was entered into between CRP and the NCC whereby CRP was to provide translation services to the NCC. This agreement, which was executed in French, was filed as Exhibit A-1, Tab 7. It was signed by Roger Presseault for CRP and by Daniel Ryan for the NCC. The contract stipulated that, at the request of Mr. Ryan, CRP undertook to hire Nathalie Ladouceur to revise the translations and Pro Discount Printers for printing; both, referred to in the contract as subcontractors, were to be paid by CRP through Mr. Ryan. Mr. Presseault testified that the day after the contract was signed a lady introducing herself as Nathalie Ladouceur called him to confirm that they would be doing business together under the contract signed with Mr. Ryan. Mr. Presseault conceded, however, that he had never met Nathalie Ladouceur. In fact, Nathalie Ladouceur was called to testify by the respondent. She is a nurse, has

never worked in the field of translation, and was never made aware of the contract until the investigator from the Canada Revenue Agency (**CRA**) called her in the course of his investigation relating to the actions of Mr. Presseault and Mr. Ryan. It appears that Nathalie Ladouceur was a friend of Mr. Ryan's son, and lived with him in 1992 and 1993 in Hull, Quebec. In the years at issue, she was not seeing Mr. Ryan's son anymore and, in fact, had lived for two years in Switzerland and then in Montreal, Quebec.

[6] Mr. Presseault filed in evidence a few cheques that were made out to Nathalie Ladouceur in 1994 and 1995 and that were deposited in Mr. Ryan's bank account according to information obtained by Mr. Presseault (Exhibit A-1, Tab 10, and Exhibit A-4).

[7] Mr. Presseault filed another contract apparently entered into between CRP and Daniel Ryan on October 5, 1995 (Exhibit A-1, Tab 11). This agreement was also drafted in French and stipulated that Mr. Ryan was to promote CRP's business and also provide revision services with respect to translations done by CRP. It was stated that CRP agreed that Mr. Ryan would use the services of the people referred to in the 1993 contract mentioned above and that CRP would pay cash to Mr. Ryan, who in turn would pay the subcontractors. The hourly rate set for revision was from \$35 to \$75, and for promotional services, from \$100 to \$150. Apparently, in late 1995, the NCC owed about \$23,000 to the appellants and they decided to take legal action against it. An out-of-court settlement was reached, and Mr. Presseault explained that it was in the course of that dispute that the 1995 contract was signed between CPR and Mr. Ryan personally.

[8] Daniel Ryan was called by the respondent to testify. He denied having signed the 1995 contract. He said that he was very busy travelling for the NCC (later renamed the Congress of Aboriginal Peoples) and then for the Department of Indian Affairs, and that he did not see how he would have had the time to provide the services referred to in that agreement. He further stated that he was not in the translation business himself and that he never personally billed the appellants for such services. When counsel for the respondent showed him the invoices filed by the appellants, he said that he had never seen them before. He testified that Ms. Ladouceur never worked for him. In cross-examination, he admitted that he signed the 1993 contract for NCC but was not able to explain why the names of Nathalie Ladouceur and Pro Discount Printers appeared therein. Nor was he able to explain why the cheques made out to Nathalie Ladouceur were deposited in his bank account. Mr. Presseault filed three cheques for amounts varying from \$640 to \$930 made out to Mr. Ryan in 2000, drawn against CRP's account, and deposited into

Mr. Ryan's bank account (Exhibit A-1, Tab 2). Apparently, Mr. Ryan had moved to the Aboriginal Financial Officers Association (AFOA) and had requested the services of the appellant for that organization. Mr. Ryan was not able to explain how it was that the aforementioned cheques were made out to him personally. Finally, Mr. Ryan testified that he did not see or speak to Mr. Presseault after the termination of the contract with the NCC until he called Mr. Presseault again in 2000 or 2001 or thereabouts for one contract with the AFOA. Confronted with e-mails exchanged between him and Mr. Presseault from September 1997 to December 1999 (Exhibit A-1, Tab 13), Mr. Ryan still maintained that these contacts related to business done between the appellants and the NCC. Mr. Presseault pointed out that Mr. Ryan's e-mail address was not shown as being an address for the NCC and that the account was apparently created in September 1997 after Mr. Ryan's departure from the NCC. Mr. Ryan did not have any explanation for that, maintaining that he never did any personal business with the appellants. He kept saying that after 1996, he did not do business with Mr. Presseault until the year 2000 or 2001, explaining that when he started working for the Department of Indian Affairs there was no need to call the appellants (Transcript, pp. 212-213). Mr. Ryan acknowledged that he was charged with fraud over \$5,000 in 2002 while he was the chief operating officer of the AFOA, and that he ended up with a criminal record and one year of probation (Transcript, pp. 161-162).

[9] The appellants were denied the deduction of all alleged payments to Daniel Ryan or to Nathalie Ladouceur on invoices apparently received from them for consulting/subcontracting services. Examples of such invoices were filed as Exhibit A-2 and in Exhibit R-1, Volume 2, Tab 24. They all show that payment was made in cash. Ms. Jennifer Linnett, the investigator in charge of the appellants' file, explained why she did not accept those invoices. First, the address shown for Nathalie Ladouceur was false, as confirmed by Canada Post. Second, Ms. Linnett tried to match the amounts allegedly paid on each date stamped on the invoices with withdrawals from the business bank account or with credit card or personal bank account withdrawals. She was not able to match any of them, and she realized that in many instances it was not possible, considering the withdrawals, to have paid all of the cash amounts shown on the invoices. Third, none of the CRP clients that she interviewed were aware that CRP was subcontracting their work. Fourth, on most of the invoices ostensibly issued by Nathalie Ladouceur, the rate being charged was \$75 an hour, whereas CRP was billing its clients only \$35 an hour, which did not make sense. Finally, both Nathalie Ladouceur and Daniel Ryan told her that they never issued the invoices in question to the appellants.

[10] Mr. Presseault claimed that he paid the amounts of the invoices in good faith and that he has been the victim of an individual whom he had believed to be an honest businessman. As proof, he said that the cheques made out to Mr. Ryan or Ms. Ladouceur both prior to and after the years at issue showed that he did in fact work with Mr. Ryan and paid him for legitimate expenses. Mr. Presseault also filed, as Exhibit A-1, Tab 20, a breakdown of the work done in the years at issue. However, this breakdown does not give any details concerning the amounts allegedly invoiced and paid for subcontracted work. Mr. Presseault also filed his personal agendas for the years at issue to show that he did meet with Mr. Ryan in those years (Exhibit A-3). In fact, he used those agendas to reconstruct a breakdown of all the meals he had with Mr. Ryan and that he now claims as expenses (Exhibit A-1, Tab 19).

[11] In cross-examination, Mr. Presseault had to admit that the meal invoices in Exhibits R-4, R-5 and R-6 showed that those meals were taken with children, or on his wedding anniversary, or on a statutory holiday. Mr. Presseault still claimed, however, that Mr. Ryan was there and that they were business meals. He did not keep a logbook of meals taken with clients because he had meals only with Mr. Ryan. Mr. Ryan did not deny that he occasionally had lunch with Mr. Presseault close to the NCC's offices, but testified that he never had any meals with Mr. Presseault at which members of Mr. Presseault's family were present or on statutory holidays. He said that, with a couple of exceptions, he was not with Mr. Presseault at the meals listed in Exhibit A-1, Tab 19. Mr. Presseault admitted that as a result of the CRA investigation he was fined \$12,000 — and now has a criminal record — for, among other things, claiming personal expenditures as business expenses (Transcript, pp. 21, 64 and 101-102). He also acknowledged that the personal agendas were not part of the documents seized by the CRA during the investigation, nor was the 1995 contract. He did not think it necessary at the time to hand those documents over to the CRA. In those years, Mr. Presseault was working full-time for Canada Post and was sitting on the Employment Insurance Board of Referees, and it was only the agendas that he kept to justify his absenteeism at Canada Post that were found by the CRA in the seizure. Those agendas made no mention of any dealings with Mr. Ryan. Mr. Presseault explained that there were two separate sets of agendas.

Analysis

[12] At the outset, I must say that I found the testimony of neither Mr. Ryan nor Mr. Presseault credible. Both had pleaded guilty to criminal charges of fraud, which, as I understand, were related in part to the assessments before me. The testimony of both was inconsistent, and on more than a few occasions Mr. Ryan as well as Mr. Presseault had difficulty providing explanations. Nathalie Ladouceur was

straightforward and I have no difficulty believing that she was completely unaware of the alleged agreements and that her name was used fraudulently by Mr. Ryan for his own interests. As for Mr. Presseault, the impression he gave in court was that he just closed his eyes to the situation and implicitly went along with deceiving the tax authorities with the complicity of Mr. Ryan. I do not believe at all that the two men operated a legitimate business together, and thus, in the absence of a real business, the expenses claimed in relation to Mr. Ryan must all be disallowed.

[13] First, it is important to say that, in their initial tax return for 1996, the appellants claimed a total of \$14,810 for consulting expenses and \$1,942 for meal and entertainment expenses (Exhibit R-1, Volume 1, Tab 1, pp. 8 and 11, and Tab 5, pp. 5 and 8). They now claim \$30,013.50 for consulting (twice as much) and \$276.08 for meals and entertainment (seven times less). For 1997, they claimed \$16,259.70 for subcontracts and \$2,096.94 for meals and entertainment (Exhibit R-1, Volume 1, Tab 2, p. 9, and Tab 6, p. 6) whereas they now claim \$15,100.38 and \$225.59 for those expenses respectively (nine times less for meals). For 1998, they claimed \$7,046.60 for consulting fees and \$2,787.58 for meals and entertainment (Exhibit R-1, Volume 1, Tab 3, p. 14, and Tab 7, p. 10). They now claim \$4,256.50 and \$452.33 for those expenses respectively (that is, somewhat more than half as much for consulting, and six times less for meals). Finally, for 1999, they claimed \$9,375 for subcontracts and \$1,033.98 for meals and entertainment (Exhibit R-1, Volume 1, Tab 4, p. 11, and Tab 8, p. 6). They now claim \$10,030.25 and \$323.30 for those expenses respectively (almost \$1,000 more for consulting and over three times less for meals).

[14] The discrepancy between the amounts initially claimed and the ones now claimed shows in my view a wilful blindness by the appellants vis-à-vis their tax responsibilities. Further, with respect to meals, the appellants persist in claiming amounts that were shown to have been personal (meals with children, a wedding anniversary meal), with no evidence whatsoever that clients were present at those meals. With respect to consulting fees, it is simply unbelievable that the appellants would have paid a consultant twice as much as they charged their own clients. This is simply not a sound business practice and the claim in that regard is completely fanciful. Moreover, Ms. Linnett testified that she was not able to trace any withdrawals from either the business or the personal accounts of the amounts allegedly paid in cash. Mr. Presseault did not adduce any concrete evidence to prove that cash amounts really were withdrawn to pay Mr. Ryan. The only evidence given related to years prior to and after the period at issue, and was limited to a few cheques made out to Ms. Ladouceur (whom we know was not involved at all in translation work) or to Mr. Ryan.

[15] Furthermore, Mr. Presseault was not able to relate the invoices to specific work done by the alleged subcontractors. He reconstructed a kind of schedule of work done (Exhibit A-1, Tab 20) from his personal agendas, but with no reference whatsoever to fees related thereto. Further, it is noteworthy that Mr. Presseault could not give any explanation as to why he did not hand the personal agendas and the 1995 contract, on which he mainly relied, over to the CRA investigators at the time of the investigation. All those documents were provided long after the fact and are more or less self-serving evidence.

[16] For all these reasons, I do not accept the expenses now claimed by the appellants in relation to consulting/subcontracting and for meals and entertainment.

[17] There is one last point. Mr. Presseault filed in court an unsigned letter which is not dated and was ostensibly sent to Mr. Ryan by Ms. Linnett (Exhibit A-1, Tab 5). In that letter, Mr. Ryan was informed of income tax adjustments for unreported revenue. In court, counsel for the respondent raised doubt as to the authenticity of this document as the amounts of unreported revenue corresponded to Claire Presseault's unreported revenue. Mr. Presseault claimed that this document had been returned to him by the CRA investigators just before the criminal proceedings. The day after the hearing, Mr. Presseault was informed by counsel for the respondent that upon verification she was told that the document was a draft that was never finalized and never sent to Mr. Ryan. It was provided to Mr. Presseault through the disclosure process. Mr. Presseault immediately wrote a letter to the Court arguing that this admission by counsel for the respondent was to be interpreted as proving his credibility. Unfortunately for Mr. Presseault, this document may help in proving that Mr. Ryan had his own trouble with the CRA and goes to Mr. Ryan's credibility, but that does not change in any way my perception of Mr. Presseault's behaviour in his own case. The document in question has absolutely no bearing on my reasons for disallowing the expenses claimed before me.

[18] I will therefore allow the appeals and refer the assessments back to the Minister for reconsideration and reassessment just to take into account what was agreed upon by the parties in the Partial Settlement. It is understood that the appellants may not deduct the subcontracting/consulting and meal and entertainment expenses claimed or the ITCs related thereto.

Signed at Montreal, Quebec, this 7th day of February 2011.

"Lucie Lamarre"

Lamarre J.

CITATION: 2011 TCC 69

COURT FILE NO.: 2009-1203(IT)I
2009-1210(GST)I
2009-1212(IT)I

STYLE OF CAUSE: ROGER R. PRESSEAULT v. HER
MAJESTY THE QUEEN

CLAIRE. PRESSEAULT v. HER MAJESTY
THE QUEEN

PLACE OF HEARING: Ottawa, Ontario

DATE OF HEARING: November 8, 2010

REASONS FOR JUDGMENT BY: The Honourable Justice Lucie Lamarre

DATE OF JUDGMENT: February 7, 2011

APPEARANCES:

For the Appellant Roger R. Presseault:	The Appellant himself
Agent for the Appellant Claire Presseault:	Roger R. Presseault
Counsel for the Respondent:	Asheleigh Akalehiywot Paul Kippenstein (student-at-law)

COUNSEL OF RECORD:

For the Appellant:

Name:
Firm:

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