

Docket: 2014-4411(IT)I

BETWEEN:

STEPHEN TAKACS,

Appellant,

and

HIS MAJESTY THE KING,

Respondent.

Appeal heard on June 5, 2025, at Edmonton, Alberta

Before: The Honourable Justice Joanna Hill

Appearances:

For the Appellant: The Appellant himself

Counsel for the Respondent: Tanzeel Bhaidani

JUDGMENT

In accordance with the attached Reasons, the appeal from the Notice of Reassessment, dated February 25, 2011, for the Appellant's 2007 taxation year is dismissed, without costs.

Signed this 17th day of July 2025.

“Joanna Hill”

Hill J.

Citation: 2025 TCC 96
Date: 20250717
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BETWEEN:

STEPHEN TAKACS,

Appellant,

and

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Respondent.

REASONS FOR JUDGMENT

Hill J.

Introduction

[1] The present appeal is from the Minister of National Revenue's reassessment denying Mr. Takacs' claim for a charitable tax credit on the basis that gifts under the Canadian Humanitarian Trust (CHT) program are not valid.

[2] The Minister alleges that, in 2007, the CHT program (a) provided participants with tax receipts for more than three times the amount of their cash contributions, (b) gave the appearance that participants were donating the proceeds of pharmaceuticals sold on their behalf, and (c) only provided participating charities with about three per cent of the cash contributions.

[3] In the present case, Mr. Takacs' wife participated in the CHT program in 2007. The Minister states that Mrs. Takacs received a tax receipt for \$11,120, consisting of her \$2,560 cash payment and \$8,560 from purported pharmaceutical sale proceeds. Mr. Takacs used the full amount to claim the tax credit for the 2007 taxation year.

[4] The Minister disallowed both the cash and pharmaceutical amounts for several reasons, including that Mrs. Takacs did not have the intention to give, but instead sought to profit from her participation in the CHT program. The Reply to the

Notice of Appeal raises the additional argument that Mrs. Takacs' tax receipt does not contain the information required by the *Income Tax Act* and *Income Tax Regulations*.

[5] Mr. Takacs had the burden to establish that the Minister's reassessment is incorrect. He failed to meet that burden because he did not provide any evidence that he and his wife donated \$11,120 to a registered charity. More importantly, Mr. Takacs did not dispute the Minister's conclusions regarding the validity of gifts under the CHT program.

Discussion

[6] Mr. Takacs had no documents or witnesses and did not address relevant information in his oral testimony. His failure to adequately prepare for the appeal was evident in a number of ways.

[7] First, Mr. Takacs had difficulty clarifying the years at issue in his appeal. The Notice of Appeal suggests that (a) Mr. Takacs personally participated in the CHT program in 2006, and (b) the Minister denied the tax credit he claimed in the 2006 taxation year and the unused portion he carried forward to the 2007 taxation year. After counsel for the Respondent referred him (and the Court) to a 2011 Order dismissing his application for an extension of time to object for the 2006 taxation year, Mr. Takacs agreed that 2007 is the year at issue. He recalled that 2006 had been "dealt with" in Court before.

[8] Second, Mr. Takacs was unable to clarify whether the appeal relates to his personal participation in the program in 2006 (as alleged in his Notice of Appeal) or his wife's participation in the program in 2007 (as alleged in the Reply). Although he agreed that only the 2007 taxation year is at issue, he considered this to be "one matter". He indicated that he and his wife made the decision to participate in the program in both years and that one or the other may have signed the cheques.

[9] Third, Mr. Takacs was not familiar with the documents presented to him by counsel for the Respondent on cross-examination. He recognized his wife's name and signature, as well as the cheque from their joint account, but otherwise could not speak to the various forms that outlined his wife's participation in the program. With respect to the tax receipt, Mr. Takacs (a) assumed that he provided the receipt to the

bookkeeper who prepared his tax returns, and (b) agreed that his wife's middle name was spelled incorrectly.¹

[10] Ultimately, Mr. Takacs did not disagree with the Minister's position regarding the validity of the CHT program. Instead, he generally stated that he and his wife saw an opportunity to help people and assumed the program was valid because it involved registered charities. He was "flabbergasted" by what was done and would not have participated if he had known how the CHT program actually operated.

[11] Considering the brevity of this testimony, I asked Mr. Takacs before and after cross-examination if he had any further facts or information to add.² Despite these opportunities, his focus remained on emphasizing that he and his wife were well-intentioned and thought that the program was valid at the time.

[12] Mr. Takacs did not dispute the Minister's determination that there was no gift because Mrs. Takacs paid a \$2,560 participation fee to obtain a financial benefit from a tax receipt for \$11,120. This determination is supported by the recent decision in *Walby*, where the Federal Court of Appeal reinforced the principle that there is no gift if a taxpayer expects to receive a benefit.³

[13] As a result, Mr. Takacs did not provide a sufficient basis to allow his appeal.

Comments regarding the Reply to the Notice of Appeal

[14] The Reply lists over 246 assumptions of fact.⁴ The vast majority of the assumptions outline in great detail the complexity of the CHT program that operated through several individuals and organizations in Canada and abroad, both with respect to the flow of funds and the purported acquisition and disposition of pharmaceuticals.

¹ The tax receipt was issued to "Lisa Mac Takacs" and his wife's name is Lisa Mae Takacs.

² Based on his representations that he was slow to process information because of chronic pain, I allowed Mr. Takacs to remain seated throughout the hearing, asked counsel for the Respondent to proceed at a slower pace, and reminded Mr. Takacs to let the Court know if he needed any further assistance.

³ *Walby v HMTK*, 2025 FCA 94, para 48. See also paras 39-51.

⁴ Counting the subparagraphs, the number of assumptions is over 270.

[15] Only twelve of the assumptions directly refer to Mrs. Takacs, “the appellant’s spouse”.⁵

[16] The assumptions do not meet the standard of precision and clarity required to permit a taxpayer to know the case they have to meet because they appear to be an information dump related to the “whole gamut of evidence”⁶ obtained during the audit of the entire CHT program.⁷ It is unclear how Mr. Takacs, or any self-represented appellant, could be expected to understand the Minister’s position in such a reply. Notably, the majority of the assumptions did not even relate to the arguments that counsel for the Respondent ultimately advanced at trial.

[17] Under the circumstances, it was neither appropriate nor necessary for the Respondent to file such an extensive reply, especially in an Informal Procedure appeal that is not a lead case.⁸

Conclusion

[18] The appeal for the 2007 taxation year is dismissed, without costs.

Signed this 17th day of July 2025.

“Joanna Hill”

Hill J.

⁵ Reply, paragraphs 17.3, 17.5, 17.241.1 to 17.241.5, & 17.242 to 17.246. Counsel for the Respondent broadly stated that other assumptions that generally refer to participants would also apply to Mrs. Takacs. There are approximately 30 additional relevant “participant” assumptions scattered throughout.

⁶ *Foss v HMTQ*, 2007 TCC 201, para 9.

⁷ Contrary to the principles stated in *Husky Oil Operations Limited v HTMQ*, 2019 TCC 136, paras 12.

⁸ As outlined the assumptions, the CHT program operated between 2004 through 2008, but the structure changed in 2007. There is no lead case with respect to the 2007 and 2008 CHT program because *Morrison v HMTQ*, 2018 TCC 220 (affirmed in *Eisbrenner v HMTQ*, 2020 FCA 93) only addressed the CHT program in 2004 and 2005.

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DATE OF HEARING: June 5, 2025

REASONS FOR JUDGMENT BY: The Honourable Justice Joanna Hill

DATE OF JUDGMENT: July 17, 2025

APPEARANCES:

For the Appellant: The Appellant himself

Counsel for the Respondent: Tanzeel Bhaidani

COUNSEL OF RECORD:

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