

Docket: 2012-2638(IT)I

BETWEEN:

ARNOLD HOLST,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent.

Appeal heard on common evidence with the appeal of *Bernice Hillier*
(2012-2564(IT)I) on March 13, 2014 at Hamilton, Ontario

By: The Honourable Justice Judith Woods

Appearances:

For the Appellant:	The Appellant himself
Counsel for the Respondent:	Jan Jensen

JUDGMENT

It is ordered that the appeal with respect to assessments made under the *Income Tax Act* for the 2006 and 2008 taxation years is dismissed. The parties shall bear their own costs.

Signed at Toronto, Ontario this 4th day of April 2014.

“J.M. Woods”

Woods J.

Docket: 2012-2564(IT)I

BETWEEN:

BERNICE HILLIER,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent.

Appeal heard on common evidence with the appeal of *Arnold Holst* (2012-2683(IT)I) on March 13, 2014 at Hamilton, Ontario

By: The Honourable Justice Judith Woods

Appearances:

Agent for the Appellant: Arnold Holst
Counsel for the Respondent: Jan Jensen

JUDGMENT

It is ordered that the appeal with respect to assessments made under the *Income Tax Act* for the 2006, 2007 and 2008 taxation years is dismissed. The parties shall bear their own costs.

Signed at Toronto, Ontario this 4th day of April, 2014.

“J.M. Woods”

Woods J.

Citation: 2014 TCC 104

Date: 20140404

Docket: 2012-2638(IT)I

BETWEEN:

ARNOLD HOLST,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent;

Docket: 2012-2564(IT)I

AND BETWEEN:

BERNICE HILLIER,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent.

REASONS FOR JUDGMENT

Woods J.

[1] Arnold Holst and Bernice Hillier appeal with respect to the disallowance of charitable tax credits for donations to Israelite Church of Christ Canada (“Israelite”) and Liberty Parish Celestial Church of Christ (“Celestial”).

[2] The amounts claimed as donations by Mr. Holst are \$3,730 for the 2006 taxation year and \$2,540 for the 2008 taxation year.

[3] The amounts claimed as donations by Mrs. Hillier are \$2,895 for the 2006 taxation year, \$2,766 for the 2007 taxation year, and \$2,690 for the 2008 taxation year.

[4] At the hearing, the Court heard testimony from Gary Huenemoeder, team leader for the Canada Revenue Agency (CRA) on an audit of Israelite. He also had knowledge of an investigation of Celestial. It appears that Israelite is the successor to Celestial and that they were operated by the same individual.

[5] According to Mr. Huenemoeder's testimony, these audits led to the revocation of the charitable registration of Israelite and Celestial. This occurred after the periods at issue in these appeals.

[6] Mr. Huenemoeder described that there were many reasons for revoking the charitable status. Essentially, the CRA was unable to verify the donations for which receipts had been issued due to very poor record keeping and other problems. He also testified that a tax return preparer who had been convicted for involvement with false donation receipts was in possession of pre-signed receipts from Celestial. Further, Israelite had told the CRA that it had shipped goods to Nigeria, but the CRA determined that the receipts for those goods were forgeries.

[7] According to Mr. Holst's testimony, he and Mrs. Hillier attended church at Celestial and Israelite which he believed to be the same church. He said that they switched to these churches from the Salvation Army at the suggestion of a neighbour so that they could receive tax receipts for work that Mr. Holst did for the church and for amounts that he donated in cash and goods.

[8] The problem that the appellants have in these appeals is that they are not able to provide any evidence at all as to specific amounts that were donated. The appellants acknowledge that the donation information provided by the churches to support their tax credit claims is not accurate.

[9] I accept that Mr. Holst and Ms. Hillier attended church services at Israelite and Celestial and that some donations were made. However, the appeals must be dismissed because the appellants did not provide adequate evidence of the amounts that were donated.

[10] Mr. Holst argued that it would be unfair to penalize he and Ms. Hillier for the illegal conduct of others. It is unfortunate if the appellants put their trust in these churches, but I would note that it appears that they claimed significantly more as

donations in their income tax returns than they actually made. Taxpayers must ensure that their income tax returns are accurate, and the appellants bear responsibility for failing to do so in this case.

[11] I would also note that the notices of appeal filed by the appellants continued to claim for false donations. The following is a quote from the notice of appeal of Mr. Holst.

[...] My donations were made in good faith to support the cause of the organization which I truly believe in. [...] It appears that CRA is engaged in a fishing expedition and unjustifiably punishing donors that gave in good faith.

[12] Further, it was only during argument at the hearing that Mr. Holst acknowledged that the donation information provided by the churches was false.

[13] In light of my conclusion that the amount of the donations has not been proven, it is not necessary that I consider the respondent's other argument concerning deficiencies with the donation receipts.

[14] The appeals will be dismissed.

Signed at Toronto, Ontario this 4th day of April, 2014.

“J.M. Woods”

Woods J.

CITATION: 2014 TCC 104

COURT FILE NOS.: 2012-2638(IT)I
2012-2564(IT)I

STYLES OF CAUSE: ARNOLD HOLST v. HER MAJESTY THE
QUEEN and BERNICE HILLIER v. HER
MAJESTY THE QUEEN

PLACE OF HEARING: Hamilton, Ontario

DATE OF HEARING: March 13, 2014

REASONS FOR JUDGMENT BY: The Honourable Justice Judith Woods

DATE OF JUDGMENTS: April 4, 2014

APPEARANCES:

For the Appellants: Arnold Holst
Counsel for the Respondent: Jan Jensen

COUNSEL OF RECORD:

For the Appellant:

Name:

Firm:

For the Respondent: William F. Pentney
Deputy Attorney General of Canada
Ottawa, Ontario