



THE COURT OF QUEBEC'S LIMITED JURISDICTION IN TAX MATTERS

Under appropriate circumstances, taxpayers may seek relief from the burden of interest charges on amounts owing to Revenu Québec—currently imposed at the rather high rate of 7 percent, compounded daily (section 28 of the Tax Administration Act [TAA]). However, proper routes of redress must be followed. Seeking relief from the Court of Quebec is inadvisable in light of the ruling in *Agence du revenu du Québec c. Schwartz* (2019 QCCA 2068) that the Court of Quebec lacks jurisdiction in this area.

Revenu Québec was appealing a judgment of the Court of Quebec that had cancelled part of the interest accruing on a fiscal debt on the grounds that on the second day of trial, the hearing had been postponed due to the illness of the judge and counsel for the tax authorities. The court's view was that the taxpayer should not have to bear the interest that had accrued as a result of this misfortune during the proceedings.

The Court of Appeal of Quebec allowed the appeal, pointing out that the Court of Quebec did not have jurisdiction to cancel the interest. As a result, the highest court in the province amended the findings of the trial court to remove the portion of the judgment affecting interest charges. This power falls, rather, within the purview of the minister of revenue, who may waive interest, penalties, or costs provided for in a tax law under section 94.1 of the TAA. The Court of Quebec is powerless in this regard.

Administratively, a taxpayer in similar circumstances should instead file a request for relief directly with Revenu Québec in order to obtain a reduction, or even a full cancellation, of interest. The resulting decision of the tax authorities could, if necessary, be the subject of a subsequent application for judicial review before the Superior Court.

Thus, the jurisdiction of the Court of Quebec follows a strict framework that must be complied with; it is limited to the maintenance, cancellation, and modification of notices of assessment on the basis of the

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The jurisdiction of the Court of Quebec also includes actions for damages against the tax authorities, such as for the rare situation of misconduct on the part of an agent. However, this jurisdiction is limited to situations where the amount claimed is less than \$85,000 before interest.

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