

Dockets: 2004-206(IT)I
2004-2803(IT)I

BETWEEN:

JEAN-FRANÇOIS BLAIS,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent.

[OFFICIAL ENGLISH TRANSLATION]

Appeals heard on common evidence with the appeals of
Christiane Auray-Blais (2004-208(IT)I and 2004-2804(IT)I) and
Innovations et intégrations brassicoles inc. (2004-42(IT)I and 2004-
2805(IT)I)

February 28 to March 3, 2005, at Sherbrooke, Quebec,
and March 11, 2005, at Montreal, Quebec.

Before: The Honourable Judge Paul Bédard

Appearances:

For the Appellant: The Appellant himself and
Christiane Auray-Blais (Agent)

Counsel for the Respondent: M^e Philippe Dupuis

AMENDED JUDGMENT

The appeals from the assessments made under the *Income Tax Act* for the 1996 and 1997 taxation years are dismissed in accordance with the Reasons for Judgment of October 25, 2005, and the attached Amended Reasons for Judgment. I further order the Minister of National Revenue to make the necessary adjustments for the

1996 and 1997 taxation years to take into account the attached Amended Reasons for Judgment.

The appeals from the assessments made under the *Income Tax Act* for the 1998, 1999, 2000 and 2001 taxation years are allowed and the assessments are referred back to the Minister of National Revenue for reconsideration and reassessment in accordance with the Reasons for Judgment of October 25, 2005, and the attached Amended Reasons for Judgment..

One set of costs is awarded to the appellants for the costs incurred with respect to their expert witness.

Signed at Ottawa, Canada, this 1st day of December 2005.

“Paul Bédard”

Judge Bédard

Dockets: 2004-208(IT)I
2004-2804(IT)I

BETWEEN:

CHRISTIANE AURAY-BLAIS,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent.

[OFFICIAL ENGLISH TRANSLATION]

Appeals heard on common evidence with the appeals of
Jean-François Blais (2004-206(IT)I and 2004-2803(IT)I) and *Innovations
et intégrations brassicoles inc.* (2004-42(IT)I and 2004-2805(IT)I)
February 28 to March 3, 2005, at Sherbrooke, Quebec,
and May 11, 2005, at Montreal, Quebec.

Before: The Honourable Judge Paul Bédard

Appearances:

For the Appellant: The Appellant herself and
Jean-François Blais (Agent)

Counsel for the Respondent: M^e Philippe Dupuis

AMENDED JUDGMENT

The appeals from the assessments made under the *Income Tax Act* for the 1996 and 1997 taxation years are dismissed in accordance with the Reasons for Judgment of October 25, 2005, and the attached Amended Reasons for Judgment. I further order the Minister of National Revenue to make the necessary adjustments for the 1996 and 1997 taxation years to take into account the attached Amended Reasons for Judgment.

The appeals from the assessments made under the *Income Tax Act* for the 1998, 1999, 2000 and 2001 taxation years are allowed and the assessments are referred back to the Minister of National Revenue for reconsideration and reassessment in accordance with the Reasons for Judgment of October 25, 2005, and the attached Amended Reasons for Judgment.

One set of costs is awarded to the appellants for the costs incurred with respect to their expert witness.

Signed at Ottawa, Canada, this 1st day of December 2005.

“Paul Bédard”

Judge Bédard

Dockets: 2004-42(IT)I
2004-2805(IT)I

BETWEEN:

INNOVATIONS ET INTÉGRATIONS BRASSICOLES INC.,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent.

[OFFICIAL ENGLISH TRANSLATION]

Appeals heard on common evidence with the appeals of
Jean-François Blais (2004-206(IT)I and 2004-2803(IT)I) and
Christiane Auray-Blais (2004-208(IT)I and 2004-2804(IT)I)
February 28 to March 3, 2005, at Sherbrooke, Quebec,
and May 11, 2005, at Montreal, Quebec.

Before: The Honourable Judge Paul Bédard

Appearances:

Agent for the Appellant: Jean-François Blais and
Christiane Auray-Blais

Counsel for the Respondent: M^e Philippe Dupuis

AMENDED JUDGMENT

The appeal from the assessment made under the *Income Tax Act* for the 2000
taxation year is dismissed;

The appeal from the assessment made under the *Income Tax Act* for the 2001 taxation year is allowed and the assessment is referred back to the Minister of National Revenue for reconsideration and reassessment in accordance with the Reasons for Judgment of October 25, 2005, and the attached Amended Reasons for Judgment.

One set of costs is awarded to the appellants for the costs incurred with respect to their expert witness.

Signed at Ottawa, Canada, this 1st day of December 2005.

“Paul Bédard”

Judge Bédard

Citation: 2005 TCC 818
(ASSOCIATE TO 2005CCI417)
Date: 20051201
Dockets: 2004-206(IT)I
2004-2803(IT)I

BETWEEN:

JEAN-FRANÇOIS BLAIS,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent,

AND

Dockets: 2004-208(IT)I
2004-2804(IT)I

CHRISTIANE AURAY-BLAIS,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent,

AND

Dockets: 2004-42(IT)I
2004-2805(IT)I

INNOVATIONS ET INTÉGRATIONS BRASSICOLES INC.,

Appellant,

and

HER MAJESTY THE QUEEN,

Respondent.

[OFFICIAL ENGLISH TRANSLATION]

AMENDED REASONS FOR JUDGMENT

Judge Bédard

[1] The appellants (Jean-François Blais and Christiane Auray-Blais) in appeals numbered 2004-206(IT)I and 2004-208(IT)I respectively had raised the following issue¹ solely in respect of the 1996 and 1997 taxation years: the appellants contended that, under subsection 37(1) of the *Income Tax Act* (the “Act”), they could carry forward to subsequent years the SR&ED expenditures incurred by the partnership in a taxation year.

[2] In my judgment dated October 25, 2005, I allowed the appellants’ appeals for the 1996 and 1997 taxation years but did not deal with this issue.

[3] I share the position argued by the respondent at the hearing according to which, under paragraph 96(1)(e.1) of the Act, any expenditures made in a taxation year must be deducted in computing partnership income or loss in the taxation year in which these expenditures were made. Consequently, it is my opinion that no amount of SR&ED expenses can be carried over to a subsequent year. Since the only issue in these appeals was the application of paragraph 96(1)(e.1) of the Act, the appellants’ appeals for the 1996 and 1997 taxation years are dismissed and the necessary adjustments will have to be made by the Minister of National Revenue (the “Minister”).

[4] Furthermore, in the appeals numbered 204-2803(IT)I, 2004-2804(IT)I and 2004-2805(IT)I, concerning appellants Jean-François Blais and Christiane Auray-Blais and Innovations et intégrations brassicoles inc. respectively for the 2001 taxation year, the parties signed an agreement at the hearing² concerning the deductibility of certain expenses claimed by the appellants. The highlights of this agreement, which I did not take into account in my judgment of October 25, 2005, could be summarized as follows:

¹ This issue was raised in point 3 of the Notice of Appeal in the appeals numbered 2004-206(IT)I and 2004-208(IT)I.

² Pages 201 to 204 of the stenographic notes of March 3, 2005.

(i) the Minister correctly considered the expenses claimed by the appellants in appeals 2004-2803(IT)I and 2004-2804(IT)I and totalling \$1,248 ($\$2,496 \times 50\%$) as capital expenses;³

(ii) the expenses claimed by the appellants in appeals 2004-2803(IT)I and 2004-2804(IT)I and disallowed by the Minister must be reduced to \$989 ($\$1,978 \times 50\%$);⁴

(iii) the Minister incorrectly disallowed expenses totalling \$416 claimed by the appellant in appeal 2004-2805(IT)I.⁵

[5] I therefore endorse this agreement.

[6] However, my reasons for judgment dated October 25, 2005, stand.

Signed at Ottawa, Canada, this 1st day of December 2005.

“Paul Bédard”

Judge Bédard

³ This issue was stated in paragraph 9(b) of the Reply to the Notice of Appeal for appeals 2004-2803(IT)I and 2004-2804(IT)I.

⁴ This issue was stated in paragraph 9(c) of the Reply to the Notice of Appeal for appeals 2004-2803(IT)I and 2004-2804(IT)I. The amount previously disallowed was \$3,592 ($\$7,184 \times 50\%$).

⁵ This issue was stated in paragraph 13(b) of the Reply to the Notice of Appeal for appeal 2004-2805(IT)I.

CITATION: 2005CCI417

COURT FILE NUMBER: 2004-206(IT)I

STYLE OF CAUSE: Jean-François Blais and Her Majesty the Queen and Christiane Auray-Blais and Her Majesty the Queen and Innovations et intégrations brassicoles inc. and Her Majesty the Queen

HEARING LOCATION: Sherbrooke and Montreal, Quebec

HEARING DATES: February 28 to March 3, and May 11, 2005

REASONS FOR AMENDED JUDGMENT BY: The Honourable Judge Paul Bédard

DATE OF AMENDED JUDGMENT: December 1, 2005

APPEARANCES:

For the appellants	
Jean-François Blais	The appellant himself and Christiane Auray-Blais
Christiane Auray-Blais	The appellant herself and Jean-François Blais
Innovation et intégrations brassicoles inc.	Jean-François Blais and Christiane Auray-Blais, agents

Counsel for the respondent: M^c Philippe Dupuis

COUNSEL OF RECORD:

For the appellants:

Name:

Firm:

For the respondent:

John H. Sims, Q.C.
Deputy Attorney General of Canada
Ottawa, Ontario