

Gross Negligence Penalties - s 163(2)

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[Strachan v Canada, 2015 FCA 60](#)

The taxpayer was assessed gross negligence penalties pursuant to subsection 163(2) of the ITA. She claimed fictitious business losses at the behest of an unscrupulous tax preparer.

The TCC denied the taxpayer's appeal - [2013 TCC 380](#) - and the FCA dismissed the appeal.

Gross negligence penalties under subsection 163(2) are imposed where a taxpayer knowingly, or under circumstances amounting to gross negligence, makes a false statement in a return.

Willful blindness to relevant facts in circumstances where the taxpayer becomes aware of the need for some inquiry, but where the taxpayer declines to make the inquiry because the taxpayer does not wish to know the truth, insufficient knowledge: *Canada (Attorney General) v. Villeneuve*, [2004 FCA 20](#); *Panini v. Canada*, [2006 FCA 224](#).

- **Sas Ansari, JD LLM PhD (exp)**

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