

Docket: 2021-1174(IT)I

BETWEEN:

PATRICIA MAUREEN BALLANTYNE,

Appellant,

and

HIS MAJESTY THE KING,

Respondent.

Appeal heard on August 25, 2025 at Victoria, British Columbia

Before: The Honourable Justice David E. Spiro

Appearances:

For the Appellant: The Appellant herself

Counsel for the Respondent: Bryony Solomon

JUDGMENT

The appeal from the reassessment under subsection 160(1) of the *Income Tax Act*, notice of which bears reference number 5713504, dated June 14, 2019 is dismissed without costs.

Signed this 19th day of September 2025.

“David E. Spiro”

Spiro J.

Citation: 2025 TCC 127

Date: 20250919

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REASONS FOR JUDGMENT

Spiro J.

[1] This is an appeal of a derivative assessment issued against the Appellant, Ms. Patricia Maureen Ballantyne, in the amount of nearly \$30,000 which, according to the Crown, represents debt owing under the *Income Tax Act* (the “Act”) by the Appellant’s husband, Mr. Keith Ballantyne, for his 2007, 2008, 2009, 2010 and 2012 taxation years.

[2] The derivative assessment was issued to the Appellant by the Minister of National Revenue (the “Minister”) in June 2019 under subsection 160(1) of the Act. The Crown’s theory of the case is that Mr. Ballantyne provided nearly \$500,000 toward the purchase of the Appellant’s home on Salt Spring Island, British Columbia, at a time when his debt under the Act amounted to nearly \$30,000.¹

The Law

[3] The Federal Court of Appeal has succinctly summarized the main features of subsection 160(1) of the Act:

¹ The subsection 160(1) reassessment before me in this appeal was the third in a series, each one superseding its predecessor. The first subsection 160(1) assessment (para 11 of the Reply) was followed by a subsection 160(1) reassessment (para 13 of the Reply) which was followed by yet another subsection 160(1) reassessment (para 15 of the Reply).

[4] Under subsection 160(1), when a person transfers property to a non-arm's length person for less than fair market value consideration, the transferee becomes jointly and severally liable for the tax debts of the transferor for the year of transfer and prior years. The liability is limited to the excess of the fair market value of the transferred property over the fair market value of the consideration given: *Eyeball Networks Inc. v. Canada*, 2021 FCA 17 at para. 2; *Canada v. Livingston*, 2008 FCA 89 at para. 17.²

The Minister's Assumptions

[4] The assumptions made by the Minister in assessing the Appellant under subsection 160(1) of the Act included the facts that:

- Mr. Ballantyne was the Appellant's spouse.
- In June 2012, Mr. Ballantyne provided nearly \$500,000 to the Appellant to enable her to purchase a home on Salt Spring Island, B.C.
- The Appellant gave no consideration for those funds.
- In June 2019, when the subsection 160(1) assessment was issued, Mr. Ballantyne's debt under the Act amounted to nearly \$30,000 as shown in the box chart below:

Taxation Year	Income Tax	Penalty & Interest	Total
2007		\$ 7,339.43	\$ 7,339.43
2008	\$ 549.31	\$ 7,356.97	\$ 7,906.28
2009	\$ 3,528.12	\$ 7,141.85	\$10,669.97
2010	\$ 1,839.48	\$ 400.20	\$ 2,239.68
2012	\$ 1,953.23		\$ 1,953.23
Payments and Adjustments			- \$ 172.22
Total:	\$ 7,870.14	\$22,238.45	\$29,936.37

² *The King v Csak*, 2025 FCA 60.

[5] The Appellant raised two issues. First, she contended that her husband did not provide the funds for the purchase of her home on Salt Spring Island. Second, she contended that the amount of her husband's tax debts as computed by the Minister was wrong.³

Issue #1 – The Source of Funds to Purchase the House

[6] The Appellant testified in that in June 2012 she purchased a house on Salt Spring Island and took legal title to it. She testified that she and her husband agreed that she could live in the house the rest of her life. They also agreed that when she died, the house would go to Mr. Ballantyne's two sons from a previous marriage.

[7] According to the Appellant, she and her husband received their own separate inheritances from overseas. The Appellant received hers in 2009. Her husband received his in 2005.

[8] The Appellant testified that her inheritance "has never been touched".⁴ She testified that after her death those funds – all of which have been invested – will go to her daughter from a previous marriage.

[9] What of Mr. Ballantyne's inheritance? The Appellant candidly admitted during her evidence in chief that her husband used his inheritance to purchase her house on Salt Spring Island. In her own words "his money, under his guidance went into the house"⁵. Just to be sure, I asked her:

JUSTICE: ... so your evidence is his money went into the house in which you're living for the rest of your life, since 2012, is that right?

A Mm-hmm.

JUSTICE: Okay, could you just say yes or no?

A Yes.⁶

³ As noted by the Federal Court of Appeal in *Csak* (at paragraph 11), a taxpayer assessed under subsection 160(1) of the Act is entitled to challenge the underlying assessment(s) on which that derivative assessment was based.

⁴ Transcript, page 15, line 14.

⁵ Transcript, page 17, lines 11-12.

⁶ Transcript, page 17, lines 18-25.

[10] Mr. Ballantyne, in turn, confirmed that this was indeed the case. I asked him:

JUSTICE: What was the source of those funds?

A Source of the funds was my mother's house in Scotland, which was sold. I shared the -- I shared (inaudible) between my brother and myself. That came and then that was in British pounds.⁷

[11] There was no suggestion that the Appellant provided any consideration for those funds all of which, I am satisfied on a balance of probabilities, were provided to the Appellant by Mr. Ballantyne.

Issue #2 – Mr. Ballantyne's Debt Under the *Income Tax Act*

[12] The Appellant's position is that the box chart at paragraph 4 above, setting out the Minister's computation of Mr. Ballantyne's debt under the Act, is a "mess".⁸ With a view to demonstrating that, she called Mr. Ballantyne as a witness.

[13] Mr. Ballantyne produced a statement of account from the CRA dated August 31, 2021 (Exhibit A-4). His evidence with respect to that statement was contradictory. For example, he testified that pages 13, 14, and 15 of the statement of account were accurate and correct.⁹ Moments later he changed his position entirely and said: "I don't accept them at all."¹⁰

[14] He also directed my attention to assessments for taxation years that were not included in the Minister's assumptions about his debt (e.g., the assessment for his 2003 taxation year). He also asserted that he "claimed disability of ten years, they only give me five."¹¹ Finally, Mr. Ballantyne showed me photocopies of returns for his 2005 through 2009 taxation years and assured me that they would disclose "the sum of money I'm either owing or not."¹²

⁷ Transcript, page 97, line 25 to page 98, line 6.

⁸ Transcript, page 118, line 23.

⁹ Transcript, page 86, lines 2-9.

¹⁰ Transcript, page 92, lines 13-19.

¹¹ Transcript, page 93, line 28 to page 94, line 1. Mr. Ballantyne provided me with a detailed history of his knee problems (Exhibit A-6).

¹² Transcript, page 95, lines 2-11. At page 3 of Exhibit A-5, Mr. Ballantyne also said that his returns for 2005 to 2009 were "rewritten to include disability" which made them entirely inauthentic and unreliable.

[15] With a view to persuading me to accept his computations rather than the “false accounting”¹³ presented by the Minister, Mr. Ballantyne handed me a document he wrote entitled: “Discourse of interactions with the Canada Revenue Agency” (Exhibit A-5) in which he alleges, among other things, “major bias”¹⁴ by CRA officers whom he says used their office “for a dishonest, partial, corrupt or oppressive purpose marked by bias”.¹⁵ In that document, he sets out his own computations which are – in a word – incomprehensible. He offered the following pseudo-legal basis for his computations (bolding and underlining in original):

All debts in this instance of CRA accounts will be settled by the following Biblical formula, damages for the vicarious actions of CRA employees of which there are many; will be formulated separately. This document relates only to false penalties tax years 2006 to 2009.

KJV 1611 Bible; Exodus 22.1 Steel my Ox and one be returned plus four in compensation. $\$18527.60 \times 5 = \92638.00 less $\$3296.12$ owed for 2007 to 2009 = $\$89341.88$.

Relating to above: Re: Coronation Oaths Elizabeth 11 and Charles 11 represents an ideal by their Coronation Oaths to maintain the Laws of God and the respective laws and customs of all Realms and Territories.

Both the Canadian Bill of Rights and the Charter of Rights and Freedoms both refer to the Supremacy of God and the rule of law in their opening sentences. No further comment will be made on both Acts.¹⁶

[16] The last sentence of that document sets out Mr. Ballantyne’s conclusion:

Any falsely contrived debts by the CRA period 2006 to 2009 would have and should have been fully paid out by June 2011.¹⁷

[17] At best, Mr. Ballantyne’s evidence was vague, incoherent, and contradictory. It fell far short of the standard of reliability required to persuade me that the amount of his debt under the Act as assessed by the Minister was incorrect.

¹³ Transcript, page 100, line 27.

¹⁴ Paragraph j at page 2 of Exhibit A-5.

¹⁵ *Ibid.* at point 5 at page 2.

¹⁶ Page 4 of Exhibit A-5. Mr. Ballantyne’s pseudo-legal language is strikingly similar to that which the Federal Court of Appeal considered at paragraph 2 of its reasons in *Ballantyne v The Queen*, 2013 FCA 30.

¹⁷ *Ibid.*

Conclusion

[18] For all of the above reasons, the Appellant's appeal will be dismissed without costs.

Signed this 19th day of September 2025.

“David E. Spiro”

Spiro J.

CITATION: 2025 TCC 127

COURT FILE NO.: 2021-1174(IT)I

STYLE OF CAUSE: PATRICIA MAUREEN BALLANTYNE
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APPEARANCES:

For the Appellant: The Appellant herself

Counsel for the Respondent: Bryony Solomon

COUNSEL OF RECORD:

For the Appellant:

Name: N/A

Firm: N/A

For the Respondent: Shalene Curtis-Micallef
Deputy Attorney General of Canada
Ottawa, Canada