

INCOME TAX**PENALTIES AND INTEREST**

Appeal from Federal Court (F.C.) decision (2016 FC 604) dismissing appellant's application for judicial review of decision by respondent Minister of National Revenue denying him interest on amount refunded to him — Appellant reassessed under *Income Tax Act*, R.S.C., 1985 (5th Supp.), c. 1 — Respondent obtaining order on *ex parte* basis under Act, s. 225.2 (jeopardy order) to take collection action forthwith — Following issuance of jeopardy order, appellant withdrawing \$15 million from registered retirement savings plan, forwarding balance of \$12.75 million to Receiver General on account of tax liability — By consent order F.C. setting aside, vacating jeopardy order — Appellant later requesting that the \$12.75 million be refunded to him with interest pursuant to Act, s. 164(1.1) — Funds repaid to appellant without interest — F.C. finding that respondent's decision reasonable based on its view that Parliament's intention "to treat voluntary payments more generously than involuntary ones" — Issue whether s. 164(1.1) applying — Words "where no authorization has been granted under subsection 225.2(2) in respect of the amount assessed" in s. 164(1.1) having to "be read in their entire context and in their grammatical and ordinary sense harmoniously with the scheme of the Act, the object of the Act, and the intention of Parliament" — How are these words to be read or applied when subsequent F.C. order setting aside jeopardy order? — Setting aside of jeopardy order in this case meaning that s. 164(1.1) should be read as if order never issued — Consequently, no authorization granted under s. 225.2(2) in respect of amount assessed for purposes thereof — Since appellant appealing reassessments to Tax Court of Canada (T.C.C.), applying in writing for refund, other conditions of s. 225.2(2) satisfied, interest payable under Act, s. 164(3) — This interpretation consistent with context, purpose of Act — Respondent's interpretation that no interest payable to appellant incorrect, unreasonable — However, request for order of *mandamus* requiring respondent to pay interest premature — Respondent should first be given opportunity to pay interest based on declaration that interest payable — Appeal allowed.

GRENON V. CANADA (NATIONAL REVENUE) (A-239-16, 2017 FCA 167, Webb J.A., judgment dated August 9, 2017, 14 pp.)