

BETWEEN:

FOLASADE DEJIFASANYA  
(also known as FOLADEJI LAW OFFICE),

Appellant,

and

HIS MAJESTY THE KING,

Respondent.

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Appeal heard on May 21 & 22, 2024, at Toronto, Ontario

Before: The Honourable Justice Bruce S. Russell

Appearances:

Counsel for the Appellant: Bhuvana Rai

Counsel for the Respondent: Cédric Renaud-Lafrance

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**JUDGMENT**

The appellant's appeal of the assessment of her raised May 5, 2017 pursuant to subsection 224(4) and paragraph 227(10)(a) of the federal *Income Tax Act* is hereby denied, in accordance with the associated Reasons for Judgment.

Should the parties have not reached agreement as to costs, each may file with the Court brief representations as to costs on or by September 18, 2016.

Signed this 18<sup>th</sup> day of August 2026.

“B. Russell”

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Russell J.

Citation: 2026 TCC 151  
Date: 20260818  
Docket: 2018-1343(IT)G

BETWEEN:

FOLASADE DEJIFASANYA  
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Appellant,

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### **REASONS FOR JUDGMENT**

Russell J.

#### I. Overview:

[1] This appeal pertains to subsections 224(1) and (4) of the federal *Income Tax Act* (Act), as set out below. Subsection 224(1) allows the Minister of National Revenue (Minister) garnishment through requiring a third party via a Requirement to Pay (RTP), in respect of a sum that the third party is liable to pay to the tax debtor, to pay instead to the Receiver General a specified amount of that owed sum.

[2] The appellant, a lawyer, appeals the Minister's assessment of her per paragraph 227(1)(a) of the Act, as permitted by subsection 224(4) of the Act, for the amount specified in a RTP served upon her by the Minister which amount the appellant was to pay to a tax debtor who was her client. The appellant made the payment to the tax debtor, rather than to the Receiver General per the RTP.

[3] Subsections 224(1), (2), (4) and (5) of the Act provide:

(1) Garnishment - Where the Minister has knowledge or suspects that a person is, or will be within one year, liable to make a payment to another person who is liable to make a payment under this Act (in this subsection and subsections 224(1.1) and 224(3) referred to as the "tax debtor"), the Minister may in writing require the person to pay forthwith, where the monies are immediately payable, and in any other case as and when the monies become payable, the monies otherwise payable

to the tax debtor in whole or in part to the Receiver General on account of the tax debtor's liability under this Act.

[...]

(2) Minister's receipt discharges original liability - The receipt of the Minister for monies paid as required under this section is a good and sufficient discharge of the original liability to the extent of the payment.

[...]

(4) Failure to comply with subsection (1), (1.2) or (3) requirement - Every person who fails to comply with a requirement under subsection (1), (1.2) or (3) is liable to pay to Her Majesty an amount equal to the amount that the person was required under subsection (1), (1.2) or (3) as the case may be, to pay to the Receiver General.

[...]

(5) Service of garnishee - Where a person carries on business under a name or style other than the person's own name, notification to the person of a requirement under subsection (1), (1.1) or (1.2) may be addressed to the name or style under which the person carries on business and, in the case of personal service, shall be deemed to be validly served if it is left with an adult person employed at the place of business of the addressee.

## II. Facts:

[4] The following facts are derived from the parties' Partial Statement of Agreed Facts, Joint Book of Documents and oral and written submissions:

1. The appellant, Ms. Folasade Dejifasanya, is a real estate lawyer practicing in Toronto, Ontario. At all material times her office was known as Foladeji Law Office.
2. In 2016 Ms. Dejifasanya acted as solicitor for both Ms. Cassandra Blissett-Davis (the Tax Debtor) and Ms. Leslie Smith (Smith) in the sale of property that they (the Vendors) jointly held, located in Vaughan, Ontario (Property).
3. Prior to March 22, 2016, the Tax Debtor had incurred tax debts per the Act, in relation to her 2007 through 2010 taxation years.
4. As of March 22, 2016, the Tax Debtor owed tax of \$144,675.79 per the Act.

5. March 29, 2016, was the closing date of the sale of the Property.
6. On or about March 8, 2016, Ms. Dejifasanya was informed by the purchasers' solicitor of a tax lien on the title of the Property. Ms. Dejifasanya confirmed this through her own title search of the Property.
7. Ms. Dejifasanya asked her client the Tax Debtor about this and was told that the lien was in respect of approx. \$12,000 in tax that she owed the Minister.
8. In the parties' Joint Book of Documents (tab 1) are copies of several documents "relating to the Property", including Instrument YR2227887 dated December 8, 2014, which states that the lien on the Property originated from the Tax Debtor's indebtedness to the Minister for goods and sales tax (GST). As such the lien pertained to GST owing under the federal *Excise Tax Act*.
9. On or about March 14, 2016, a fax from the Foladeji Law Office requested of Canada Revenue Agency (CRA) a lien discharge letter confirming that upon the lien amount of \$12,633.06 being tendered to the Receiver General following the closing of the Property sale, CRA's lien on title would be discharged.
10. On March 22, 2016, CRA Collections officer Ms. L. Palmateer faxed to Foladeji Law Office attn. the appellant Ms. Dejifasanya, a seven-page communication. Also, Ms. Dejifasanya received by registered mail from Ms. Palmateer, prior to March 31, 2016, a copy of those seven pages.
11. The first of the seven pages was a fax cover page showing the fax was sent to Ms. Dejifasanya's law office. On this fax cover page was stated the two-fold "Subject" of this seven-page communication, being: "Lien discharge information and Requirement to Pay".
12. As well on this cover page were Ms. Palmateers' "Comments:" They read, "Hello. Please see the following documents. The originals will follow by Xpress post. Once the sale is complete, please send a statement showing a list of disbursements for the proceeds of sale. Thank you." Ms. Palmateer's signature and name followed.
13. The two second and third pages of the seven were a brief letter from Ms. Palmateer dated March 22, 2016, addressed to the appellant Ms. Dejifasanya

at the address of her law office. The letter is headed, “Lien registration No.: YR2227887”, dealing only with the aforesaid lien, stating that it would be discharged from the title to the Property upon payment to CRA of its amount, said to be \$12,633.06 as of March 29, 2016. The letter closes with Ms. Palmateer stating that if more information is desired, she could be contacted by telephone, with phone number provided.

14. The fourth and fifth pages of the seven are a two-page document headed “Requirement to Pay”, directly below which appears Ms. Dejifasanya’s law office name (Foladeji Law Office) and Toronto address.
15. Across from the law office name and address at the top of the RTP appears the Tax Debtor’s name and address, i.e., Cassandra Blissett-Davis of 156 Moraine Hill Drive, Maple, Ontario.
16. The RTP next states, “You are hereby required to pay to the Receiver General on account of the above-named tax debtor’s liability under...the *Income Tax Act*, (1) forthwith, the moneys otherwise and immediately payable to the tax debtor which you are required to pay; (2) all other monies otherwise payable to the tax debtor which you will be, within one year liable to pay, as and when the monies become payable...”
17. At the bottom of this first page of the two-page RTP is stated, “...but do not pay hereunder more than \$144,675.79 (the maximum payable).” Lastly, at the bottom is stated, “Failure to pay renders you personally liable to pay those amounts to Her Majesty.” This ended by a signature over the title, “Team Leader, Revenue Collections”. The second page of the RTP provides additional information regarding the RTP, including under the heading, “Information to the Third Party to Whom This Requirement to Pay is Addressed.”
18. Next, on the sixth of the seven pages, is a federal government form entitled “Third Party Remittance Voucher...Remitting Third Party” with again the appellant’s law office and address set out and specifically identifying Ms. Cassandra Blissett-Davis as “Tax Debtor”. This Voucher is referred to in the penultimate paragraph on the RTP front side.
19. The final page of the seven-page communication being the final page shows only the CRA mailing address and the statement, “Do not staple, paper clip...your cheque. Do not mail cash.”

20. On March 29, 2016 the Vendors attended at the appellant's office and signed a direction that the appellant pay the proceeds of the sale of the Property solely to the Tax Debtor.
21. On March 29, 2016, the sale of the Property closed as anticipated, and the appellant's law office received the closing funds from the buyer's lawyer.
22. With the closing funds, the appellant issued a cheque for \$12,634.78 to CRA in respect of the outstanding lien on the Property. Also, she paid off a TD Bank mortgage.
23. The balance of proceeds on the sale of the Property was \$537,152.32. This amount was paid by certified cheque issued by the appellant's law office in trust on March 30, 2016, payable to the Tax Debtor. The appellant made no payment pursuant to the RTP.
24. On March 31, 2016, after the Tax Debtor had picked up the said cheque from the appellant and left, Ms. Palmateer telephoned the appellant and inquired about the RTP, that the appellant had not responded to.
25. The appellant had not remitted the \$144,675.79 noted on the RTP. The appellant apparently thought the RTP was related to the aforementioned lien insofar and that having paid the lien amount out of Property sale proceeds, the RTP also had been satisfied.
26. On May 5, 2017, the Minister assessed the appellant per paragraph 227(10)(a) of the Act for \$144,675.79.
27. On July 31, 2017, the appellant objected to the assessment. On January 30, 2018 the Tax Debtor, Ms. Blissett-Davis, was discharged from her income tax debt, pursuant to her consumer proposal under the *Bankruptcy and Insolvency Act* filed January 30, 2017.
28. On March 27, 2018, the Minister confirmed the May 5, 2017 assessment of the appellant.

### III. Issue and Parties' Positions:

[5] The issue is whether the appellant is liable under subsection 224(4) of the Act as assessed May 5, 2017.

Parties' Positions:

[6] The appellant, in appealing the subsection 224(4) assessment and seeking costs, puts forth four submissions, as set out in the appellant's written representations (para. 64), being:

- a) the appellant complied with the RTP to the extent of the actual amount it requested, i.e., \$12,633.06;
- b) the RTP would not apply to the funds disbursed in any event, due to the nature of the appellant's relationship with the Tax Debtor and the joint nature of the funds disbursed;
- c) the appellant was duly diligent and there is a due diligence defence which ought to be available in matters such as the one at hand; and,
- d) in the alternative, even if a RTP was validly issued for an amount in excess of \$12,634.78, the amount of the RTP would need to be reduced by the following amounts:
  - i. \$12,634.78, being the amount which was paid by the appellant; and,
  - ii. \$20,970, being the amount that was recoverable by CRA except for its failure to do so.

[7] The respondent Crown asserts that the appealed assessment per subsection 244(4) of the Act is valid, and seeks that the appeal be dismissed, with costs.

IV. Analysis:

[8] The first of the appellant's submissions is that she "complied with the RTP to the extent of the actual amount it requested, i.e., \$12,633.06".

[9] The appellant cites language in the RTP stating, "do not pay hereunder more than \$144,675.79 (the maximum payable)", which appears on the front of the two-sided RTP form. The appellant asserts that she complied with this statement in paying the lien amount of \$12,633.06, noting also that that amount is much less than the stated \$144,675.79 "maximum payable" amount.

[10] Neither the lien nor its \$12,633.06 amount is mentioned in the RTP.

[11] On the back side of the two-sided RTP form, under the heading, “Information to the Third Party to Whom this Requirement to Pay is Addressed” is stated:

This Requirement to Pay applies to each and all of the amounts described on the front of the form. Pay the lesser of the total of such amounts or the maximum payable.

[12] In complying with this directive, its first phrase is, “each and all of the amounts described on the front of the [RTP] form”. There is only one amount referenced on the front of the RTP form, that being “\$144,675.79 (the maximum payable)”.

[13] Next in complying with this directive, is the statement that the amount the recipient of the RTP is to pay is, “the lesser of the total of amounts shown on the front page or [sic] the maximum payable”. As stated in the RTP, “the maximum payable” is also \$144,675.79. Therefore, the two amounts to be considered as to which is “the lesser” are identical - \$144,675.79.

[14] Accordingly, \$144,675.79 is the amount the RTP required to be paid; not the \$12,633.06 amount as claimed by the appellant, which amount is not even mentioned in the RTP.

[15] Therefore, the appellant’s first submission, that she “complied with the RTP to the extent of the actual amount it requested, i.e., \$12,633.06”, is mistaken. That amount was not at all the amount requested by the RTP - nor even mentioned in the RTP.

[16] The appellant’s second submission is, “the RTP could not apply to the disbursed funds because the funds were joint trust funds and the appellant was not liable to pay the tax debtor.”

[17] The funds held in trust by the appellant, being net proceeds of the sale of the Property, were the Vendors’, being Tax Debtor (99%) and Ms. Smith (1%) - the Vendors being tenants in common, rather than joint tenants. The Vendors had instructed their lawyer (the appellant) in writing to tender the entirety of these net proceeds of the sale of the Property to the Tax Debtor. Thus, the appellant held these funds in trust under legal obligation to pay same to Ms. Blissett-Davis, the Tax Debtor.

[18] The subsection 224(1) language, for garnishment to occur, is that “...the Minister has knowledge or suspects that a person is liable to make a payment to another person who is liable to make a payment under this [*Income Tax*] Act...” That is the case here - the appellant was known to be liable to pay the \$537,152.32 net proceeds of the sale to the Tax Debtor - which is what the appellant actually did, absent payment therefrom of the \$144,675.79 to the Receiver General as directed by the RTP.

[19] The appellant asserts that garnishment can proceed only when the relationship between the garnishee and the tax debtor is that of debtor-creditor. And here the appellant did not have a debtor-creditor relationship with the Tax Debtor with respect to the funds the appellant had disbursed to the Tax Debtor.

[20] In this regard the appellant cites *DeConinck v. Royal Trust Corp. of Canada* [1989] 1 CTC 179 at 14, wherein Stratton C.J., NBCA stated:

[...] with respect, I am unable to agree with the conclusion of the judge of first instance in the present case that a trustee who holds funds that are fully vested in a cestui que trust would fall within the definition of a person “liable to make a payment” pursuant to section 224(1) of the *Income Tax Act*.

[21] Here, the appellant was legally obligated, i.e. liable, to transfer these funds to the Tax Debtor. This legal obligation existed without there being a debtor-creditor relationship between the Tax Debtor and the appellant. The fact simply was that the appellant was legally obligated to pay these funds to the Tax Debtor, Ms. Blissett-Davis, post conclusion of the Property sale.

[22] The respondent Crown cited the Federal Court of Appeal decision of *National Trust Co. v. R.*, [1998] 4 C.T.C. 26 at paras. 46, 47, which likewise expanded the meaning of the subsection 224(1) phrase “liable to make a payment” to include non-creditor/debtor relationships. Isaacs C.J. wrote:

(46) The ordinary meaning of the word “liable” in a legal context is to denote the fact that a person is responsible at law. Hence, I am in respectful agreement with McLaughlin J (as she then was) when she stated in *Discovery Trust Company v. Abbott et al*, [1982] 38 BCLR 55 at 56 (BCSC) - a case in which a section 224(1) requirement was served upon a trustee, that:

...the demand on third parties [a subsection 224(1) requirement] by which the Crown's claim is made in this case is not confined to a debtor-creditor relationship, as is a garnishee order; it is stated to extend to any case where the trustee is “liable to make a payment to the taxpayer.”

(47) It is my respectful view, therefore, that the Tax Court judge was wrong in law to limit the phrase “liable to make a payment” only to situations where a debtor-creditor relationship exists. In so doing he precluded himself from asking the only relevant question when one is confronted with the construction of the subsection. It is this: did the respondent have a responsibility at law to make a payment to the tax debtor on 1 February 1994?

[23] I concur with this reasoning - that the “liable to make a payment” language is readily broad enough to encompass any legal obligation to make a payment. Such an obligation existed here, that the appellant was required to pay to the Tax Debtor the net proceeds from the Property sale.

[24] Therefore, the appellant’s second submission, that “the RTP could not apply to the disbursed funds because the funds were joint trust funds and the appellant was not liable to pay the tax debtor”, is mistaken.

[25] The appellant’s third submission is that she “was duly diligent and there is a due diligence defence which ought to be available in such circumstances as at hand.”

[26] With respect, I am unable to find that here the appellant was duly diligent. When the appellant received the RTP, both by fax and subsequent hard copy delivery, she gave no effect to it. The appellant submits that she considered it was documentation relating to the \$12,643.78 lien.

[27] This is despite that CRA collections officer Ms. Palmateer had said in her covering letter that the “subject” of the seven-page package was two items - the lien was one and the other was the RTP. A lawyerly review of the RTP’s terms would have shown it as being an entirely different item, making no reference at all to the lien or the lien amount of \$12,643.78.

[28] Additionally, Ms. Palmateer said, in her covering letter per the lien, that if the appellant had any questions she could telephone Ms. Palmateer at her given telephone number respecting same. However, there is no indication of any such communication from the appellant to Ms. Palmateer, seeking clarification or information regarding the RTP, prior to the closing of the Property sale.

[29] Also, I do not consider that a due diligence defence would be available here in any event. There is no reference in the pertinent legislation to any such defence. And, as submitted by the respondent, subsection 224(4), which provides for issuance of requirements, is a tax collection provision creating tax collection liability. It is not an administrative penalty provision to which a due diligence defence might apply.

[30] Therefore, the appellant's third submission, that she "complied with the RTP to the extent of the actual amount it requested, i.e., \$12,633.06", is mistaken. There is not a due diligence defence available and in any event the herein facts reflect inadequate diligence.

[31] The appellant's fourth and final submission is, "in the alternative, even if a RTP was validly issued for an amount in excess of \$12,634.78, the amount of the RTP would need to be reduced by the following amounts:

- (i) \$12,634.78, being the amount which was paid by the appellant, and;
- (ii) \$20,970, being the amount that was recoverable by CRA except for its failure to do so."

[32] Respectfully, the appellant's submissions speak to the \$12,634.78 amount but not the \$20,970 claim. Therefore, I have no basis for considering the latter claim.

[33] Subsection 224(1) specifically addresses liability "under this Act", being the federal *Income Tax Act*.

[34] As above noted, the \$12,634.78 was a GST amount due pursuant to the federal *Excise Tax Act*.

[35] The herein RTP form commences with the statement: "You are hereby required to pay to the Receiver General on account of the above-named tax debtor's inability under one or more of the following Acts (see reverse)". On the reverse page is a listing of certain federal statutes and certain provincial and territorial income tax statutes. The federal statutes named are the *Canada Pension Plan*, the *Income Tax Act*, the *Petroleum and Gas Revenue Act* and the *Employment Insurance Act*. The *Excise Tax Act* is not named.

[36] Therefore, the herein RTP could not apply to any tax liability under the *Excise Tax Act*. Again, as noted above, the \$12,635.78 lien documentation states that the lien on the Property originated from the Tax Debtor's indebtedness to the Minister for GST, thus arising under the *Excise Tax Act*. It was not a further *Income Tax Act* debt as some might have assumed.

[37] Consequently, I conclude that the \$12,643.78 payment cannot be applied to reduce the \$144,675.79 debt. I do not accept the appellant's fourth and final submission.

V. Conclusion:

[38] The appeal is denied. Both parties seek costs. I encourage the parties to seek agreement as to costs, failing which I request brief written submissions as to costs being filed with the Court by both parties and served upon each other, on or before September 18, 2026.

Signed this 18<sup>th</sup> day of August 2026.

“B. Russell”

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Russell J.

CITATION: 2026 TCC 151

COURT FILE NO.: 2018-1343(IT)G

STYLE OF CAUSE: FOLASADE DEJIFASANYA (also known as FOLADEJI LAW OFFICE) AND HIS MAJESTY THE KING

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REASONS FOR JUDGMENT BY: The Honourable Justice Bruce S. Russell

DATE OF JUDGMENT: August 18, 2026

APPEARANCES:

    Counsel for the Appellant: Bhuvana Rai

    Counsel for the Respondent: Cédric Renaud-Lafrance

COUNSEL OF RECORD:

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