

# Ivan Cassell Limited (Appellant) V. Her Majesty The Queen (Respondent), 2016 DTC 1048

October 07, 2016

**Facts:** The taxpayer was appealing reassessments that denied its claim for a small business deduction and limited expenses claimed on the basis that it was providing services as a "personal services business" ("**PSB**"). The taxpayer was incorporated by Ivan Cassell ("**Cassell**") in 1983 to operate a home comfort centre for Imperial Oil. After several years, the taxpayer began working for Ultramar for about six years as a supervisor, looking after all the independent retail agents of Ultramar located on the west coast of Newfoundland and southern Labrador.

In 1990, Cassell left Ultramar and bought an area of retail business from them outside the major urban centres of Newfoundland. Cassell began growing Cassell Limited's ("**ICL**") retail oil and gas business by acquiring several gas stations in areas that the major oil companies were leaving. The retail oil and gas business of ICL was carried on under the business name Western Petroleum ("**WP**").

In 2005, Western Petroleum Newfoundland Limited ("**WPNL**") was incorporated and ICL transferred its WP business to WPNL and the business expanded throughout Newfoundland. Over the years, the Cassell provided services to WPNL in his capacity as president of ICL and was, at the same time, the president and director of WPNL.

At issue were the services provided by Cassell to WPNL in his capacity as president of ICL. The services were provided under an oral agreement and included banking, negotiating contracts, and dealing with suppliers.

**Held:** The appeal was dismissed.

Should Cassell be reasonably regarded as an employee but for the existence of ICL, the small business deduction is not available to ICL and the PSB provisions would apply. The PSB provisions are designed to deny tax advantages that may be obtained by providing services through a corporation rather than personally.

There is no one conclusive test or determinative factor but issues of control, risk of loss and opportunity for profit are to be considered.

The stated objective of Cassell providing services to WPNL was to grow its business with no mention of ICL's business. There was no written agreement between ICL and WPNL, no HST was charged on fees paid by WPNL and ICL did not advertise its services. ICL leased gas stations to third parties, distinct from their providing management services, which generated income for WPNL. When the tenants were delinquent in paying rent, they were not pursued for the rent so that WPNL would continue to gain revenue. The profitability of WPNL took precedence over the earning of rent by ICL, confirming that Cassell's focus was solely on the profitability of WPNL's business. The court reasoned that someone in business on his own account would not have such a focus.

Furthermore, the functions performed by Cassell after the transfer to WPNL were the same as those performed by him as a senior employee of ICL. Any opportunity for profit was tied to the success of WPNL and there was limited exposure to risk of loss. In fact, the expenses incurred by ICL were minuscule in comparison to the monthly fees it received from WPNL and should the existence of ICL be ignored, then Cassell would not bear any real risk of loss under the compensation arrangements with WPNL. In other words, the only substantive economic risk faced by ICL was the risk inherent in WPNL's business, which governed WPNL's ability to pay the monthly fees.

Moreover, Cassell had the use of a company car and had a makeshift desk to work at when he went into the office. Although there was no direct control of Cassell's activities he had weekly meetings at WPNL which is consistent with the degree of control that might be exerted over a senior employee of WPNL.

All factors considered, if the existence of ICL were ignored, there is no evidence of business-like activity to support the conclusion that Cassell would reasonably be regarded as providing the services as a person in business on his own account.

For those reasons, the Court affirmed that the small business deduction was properly denied.

By

[Joseph \(Hovsep\) Takhmizdjian](#)

Expertise

[Tax](#)

---

## BLG | Canada's Law Firm

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 800 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

[blg.com](http://blg.com)

### BLG Offices

#### Calgary

Centennial Place, East Tower  
520 3rd Avenue S.W.  
Calgary, AB, Canada  
T2P 0R3

T 403.232.9500  
F 403.266.1395

#### Ottawa

World Exchange Plaza  
100 Queen Street  
Ottawa, ON, Canada  
K1P 1J9

T 613.237.5160  
F 613.230.8842

#### Vancouver

1200 Waterfront Centre  
200 Burrard Street  
Vancouver, BC, Canada  
V7X 1T2

T 604.687.5744  
F 604.687.1415

#### Montréal

1000 De La Gauchetière Street West  
Suite 900  
Montréal, QC, Canada  
H3B 5H4

T 514.954.2555  
F 514.879.9015

#### Toronto

Bay Adelaide Centre, East Tower  
22 Adelaide Street West  
Toronto, ON, Canada  
M5H 4E3

T 416.367.6000  
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing [unsubscribe@blg.com](mailto:unsubscribe@blg.com) or manage your subscription preferences at [blg.com/MyPreferences](http://blg.com/MyPreferences). If you feel you have received this message in error please contact [communications@blg.com](mailto:communications@blg.com). BLG's privacy policy for publications may be found at [blg.com/en/privacy](http://blg.com/en/privacy).

© 2026 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.