



Case in Brief: **1068754 Alberta Ltd. v. Agence du revenu du Québec**

Judgment of June 27, 2019 | On appeal from the Court of Appeal of Quebec  
Neutral citation: 2019 SCC 37

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**Quebec tax officials were allowed to send a letter demanding information to a bank branch in Alberta, the Supreme Court has unanimously ruled.**

Under the Constitution, provinces have the power to tax on their territories. Whether someone pays tax depends on where they “reside.” A person’s place of residence is usually where they live. For a trust (which is a “legal” person), it is usually where the trust is managed. Figuring out residence can be complicated. Quebec collects its own income taxes, unlike other provinces. The province’s tax officials can demand information to enforce tax laws. Anyone who doesn’t agree to provide the information can be fined or sent to prison.

Bitton Trust was set up in Alberta by a Quebec family in 2003. The trust had a bank account with National Bank in Calgary. But Quebec tax officials thought the trust might actually reside in Quebec. If so, the trust would have to pay taxes there. In 2014, Quebec tax officials asked for some information and documents about the trust that would help them figure this out. They sent a formal demand letter to the branch where the account was (in Calgary). Quebec tax officials said that this is what a federal law, the *Bank Act*, said they had to do. The *Bank Act* said that any demand had to go to the branch where the account was located.

The trust said that Quebec officials didn’t have the power to do this. That’s because under Quebec’s *Tax Administration Act*, they had power only in Quebec. It said that any action the tax officials took outside the province would be “extraterritorial” (outside the place where they had power). That meant sending the demand letter to the Calgary branch would be outside their power, even if the *Bank Act* required it. The trust asked the Quebec courts to quash (cancel) the demand.

Everyone agreed that without the federal law, the *Bank Act*, the officials could send the demand to National Bank in Quebec. The issue was whether the Quebec tax officials could send the demand outside Quebec to the Calgary branch, as the *Bank Act* required.

The motions judge said that the tax officials could send the demand to the Calgary branch, and the Court of Appeal agreed.

All the judges at the Supreme Court agreed with the lower courts. They said that the Quebec tax officials had the power to send the demand to National Bank’s Calgary branch. This was because National Bank operated in Quebec. Quebec tax officials had power over anyone operating in the province’s territory. All the *Bank Act* did was say how the officials had to communicate their demand to National Bank. Specifically, it said they had to send their demand directly to the branch where the account was located. In this case, the branch happened to be in a different province. But that didn’t change the fact that the Quebec tax officials had power over National Bank. The tax officials weren’t trying to exercise power in Alberta just because they sent the demand there. Whatever action they were going to take against National Bank if it didn’t comply would happen in Quebec. So the demand wasn’t “extraterritorial.” The tax officials were allowed to demand the information in the way that they did, and National Bank had to give it to them, or face the consequences. However, the judges noted it might be different if National Bank didn’t operate in Quebec.

The Supreme Court didn’t decide where Bitton Trust should pay taxes. It only decided that the Quebec tax officials could get the information it demanded to decide whether the trust had to pay in Quebec.

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**Breakdown of the decision: *Unanimous*:** Justice Malcolm [Rowe](#) dismissed the appeal (Chief Justice [Wagner](#) and Justices [Abella](#), [Moldaver](#), [Karakatsanis](#), [Gascon](#), [Côté](#), [Brown](#), and [Martin](#) agreed)

**More information (case # 37999):** [Decision](#) | [Case information](#) | [Webcast of hearing](#)

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