



# Civil Resolution Tribunal

Date Issued: August 19, 2020

File: SC-2020-001688

Type: Small Claims

Civil Resolution Tribunal

Indexed as: *Mao & Company Management Corporation v. Vancouver Corporate Transportation Ltd.*, 2020 BCCRT 926

B E T W E E N :

MAO & COMPANY MANAGEMENT CORPORATION

**APPLICANT**

A N D :

VANCOUVER CORPORATE TRANSPORTATION LTD.

**RESPONDENT**

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## REASONS FOR DECISION

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Tribunal Member:

David Jiang

## INTRODUCTION

1. This dispute is over an unpaid invoice. The applicant, Mao & Company Management Corporation (MCMC), says the respondent, Vancouver Corporate

Transportation Ltd. (VCT), owes \$1,837.50 for filing 2019 T2 corporate tax returns and providing tax advice.

2. VCT says it hired MCMC to prepare both its financial statements and corporate tax returns in July 2019. It says paid an invoice for these services in September 2019 and therefore owes no money to MCMC.
3. A principal or employee represents each party.

## **JURISDICTION AND PROCEDURE**

4. These are the formal written reasons of the Civil Resolution Tribunal (CRT). The CRT has jurisdiction over small claims brought under section 118 of the *Civil Resolution Tribunal Act* (CRTA). The CRT's mandate is to provide dispute resolution services accessibly, quickly, economically, informally, and flexibly. In resolving disputes, the CRT must apply principles of law and fairness, and recognize any relationships between parties to a dispute that will likely continue after the dispute resolution process has ended.
5. The CRT has discretion to decide the format of the hearing, including by writing, telephone, videoconferencing, email, or a combination of these. Both parties to this dispute call into question the credibility, or truthfulness, of the other. In the circumstances of this dispute, I find that I am properly able to assess and weigh the evidence and submissions before me. I note the decision in *Yas v. Pope*, 2018 BCSC 282, in which the court recognized that oral hearings are not necessarily required where credibility is in issue. Bearing in mind the CRT's mandate that includes proportionality and a speedy resolution of disputes, I decided to hear this dispute through written submissions.
6. The CRT may accept as evidence information that it considers relevant, necessary and appropriate, whether or not the information would be admissible in a court of law. The CRT may also ask questions of the parties and witnesses and inform itself in any other way it considers appropriate.

7. Where permitted by section 118 of the CRTA, in resolving this dispute the CRT may order a party to do or stop doing something, pay money or make an order that includes any terms or conditions the CRT considers appropriate.

## **ISSUE**

8. The issue in this dispute is whether VCT already paid MCMC for the relevant tax returns and tax advice, and if not, what remedy is appropriate.

## **EVIDENCE AND ANALYSIS**

9. In a civil claim such as this, the applicant MCMC bears the burden of proof on a balance of probabilities. While I have read all the parties' evidence and submissions, I only refer to them to the extent necessary to explain my decision.
10. The parties agree on the following facts. In early July 2019, VCT asked MCMC to prepare financial statements for VCT's fiscal year ending on June 30, 2019. The parties had no written agreement. MCMC completed the financial statements and issued a July 15, 2019 invoice for \$1,575. VCT paid this amount in September 2019.
11. The parties also agree on the following. On December 25, 2019, VCT asked MCMC to complete a corporate tax return and provide tax planning advice about the appropriate amount VCT's principal could withdraw as a management fee. MCMC provided VCT the requested advice and filed VCT's corporate tax return by December 30, 2019. MCMC invoiced VCT on the same date for \$1,500 for the tax returns and \$250 for the tax planning advice, for a total of \$1,837.50 inclusive of GST. VCT agrees it has not paid this invoice.
12. The parties take the following positions. VCT says that the parties verbally agreed in July 2019 for MCMC to prepare VCT's financial statements and tax returns and provide tax advice for \$1,575. VCT therefore says MCMC has already been paid in full for its services. MCMC disagrees and says it only agreed to prepare VCT's

financial statements in July 2019. It says the tax return was additional, and still unpaid work.

13. What, if anything, did the parties agree to? The basic principles of the formation and interpretation of contracts are laid out in *Shaw Production Way Holdings Inc. v. Sunvault Energy, Inc.*, 2018 BCSC 926 at paragraphs 138 to 152. The legal test is not what the individual parties believed. Instead, what matters is what a reasonable person in the parties' situation would have believed and understood.
14. I find that a reasonable person would agree with MCMC's interpretation of events. The July 2019 invoice says it is only for preparing financial statements for the year of July 2018 to June 2019. It makes no reference to any other services at all.
15. VCT provided a copy of its September 2019 cheque for \$1,575. In the memo section, the cheque says it was for payment of the July 2019 invoice. VCT says MCMC filled out the memo section. I find that, regardless of who filled it out, the cheque does little to assist VCT. It does not show the payment was for anything beyond services provided to that point.
16. MCMC also provided a form signed by VCT's officer, authorizing MCMC to prepare VCT's tax returns. The authorization is dated December 28, 2019. I find this date is consistent with MCMC's submission that it entered into a new agreement with VCT to produce tax returns and provide tax planning advice in December 2019. I find a reasonable person would conclude that MCMC did not charge VCT months in advance for this work.
17. VCT says that MCMC had an obligation to say in advance what the tax return and tax advice would cost. I disagree that MCMC breached any such obligation. VCT had previously hired MCMC without asking for the price in advance. Based on the parties' history and the documents referred to above, I find the parties agreed in December 2019 that MCMC would charge a reasonable price for its work.

18. VCT says the amount charged is not reasonable. Its previous accountant, DKG, wrote in a March 4, 2020 letter that he prepared both financial statements and corporate tax returns for VCT for the 2017 and 2018 fiscal years. He says he charged \$1,250 each year for these services.
19. VCT also provided a May 11, 2020 email from another individual, LD, stating that she charged similar to what DKG charges for preparing financial statements and filing tax returns.
20. Ultimately, I am not satisfied MCMC charged an unreasonable amount. MCMC says its employees had to reopen its offices during the Christmas holiday in order to file VCT's tax returns on time. There is no allegation that MCMC provided deficient work or incorrect advice. VCT says MCMC was rushed only because it failed to remember that the parties had agreed in July 2019 that MCMC would prepare VCT's tax returns. However, I have already found that a reasonable person would conclude the parties had not yet agreed that MCMC would complete the tax returns. DKG and LD did not say that MCMC's practice of charging only for the financial statements in July 2019 was unusual.
21. I acknowledge that DKG and LD charged less than MCMC for the combined work of preparing financial statements and filing tax returns. However, DKG and LD did not say if MCMC charged an amount outside of industry standards. I put greater weight on the fact that MCMC's July 2019 invoice and December 2019 invoice are for similar amounts. Given this history, I find that MCMC charged an amount that was within the parties' objectively reasonable expectations.
22. In summary, I find VCT owes MCMC \$1,837.50 in debt. The *Court Order Interest Act* applies to the CRT. MCMC is entitled to pre-judgement interest on the debt from December 30, 2019, the date of the invoice, to the date of this decision. This equals \$19.19.
23. Under section 49 of the CRTA and CRT rules, the CRT will generally order an unsuccessful party to reimburse a successful party for CRT fees and reasonable

dispute-related expenses. I see no reason in this case not to follow that general rule. I find MCMC is entitled to reimbursement of \$125 in CRT fees. As MCMC claimed no dispute-related expenses, I order none for either party.

## ORDERS

24. Within 14 days of the date of this order, I order VCT to pay MCMC a total of \$1,981.69, broken down as follows:
  - a. \$1,837.50 in debt,
  - b. \$19.19 in pre-judgment interest under the *Court Order Interest Act*, and
  - c. \$125.00 in CRT fees.
25. MCMC is entitled to post-judgment interest, as applicable.
26. Under section 48 of the CRTA, the CRT will not provide the parties with the Order giving final effect to this decision until the time for making a notice of objection under section 56.1(2) has expired and no notice of objection has been made. The time for filing a notice of objection is 28 days after the party receives notice of the CRT's final decision. The Minister of Public Safety and Solicitor General has issued a Ministerial Order under the *Emergency Program Act*, which says that tribunals may waive, extend or suspend a mandatory time period. The CRT can only waive, suspend or extend mandatory time periods during the declaration of a state of emergency. After the state of emergency ends, the CRT will not have this ability. A party should contact the CRT as soon as possible if they want to ask the CRT to consider waiving, suspending or extending the mandatory time to file a Notice of Objection to a small claims dispute.

27. Under section 58.1 of the CRTA, a validated copy of the CRT's order can be enforced through the Provincial Court of British Columbia. A CRT order can only be enforced if it is an approved consent resolution order, or, if no objection has been made and the time for filing a notice of objection has passed. Once filed, a CRT order has the same force and effect as an order of the Provincial Court of British Columbia.

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David Jiang, Tribunal Member