

Government of Canada's Economic Response - Tax Updates

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On March 18, 2020, the Government of Canada announced a new set of economic measures, including tax measures, as part of its COVID-19 Economic Response Plan. On March 27, 2020, the Government of Canada announced additional GST/HST measures as well as additional administrative income tax measures.

A summary of the key income tax measures is set out below.

Extension of Filing Deadlines

- The tax return filing deadline for individuals (including certain trusts) is extended from April 30, 2020 to June 1, 2020.
- The tax return filing deadline for trusts with a December 31, 2019 year end is extended to May 1, 2020.
- The tax return filing deadline for corporations that would otherwise have a filing due date after March 18 and before June 1, 2020 is extended to June 1, 2020.
- The deadline to file 2019 partnership information returns is extended to May 1, 2020.
- The deadline to file 2019 NR4 (Statement of Amounts Paid or Credited to Non-Residents of Canada) information returns is extended to May 1, 2020. Amounts withheld must still be remitted on the 15th day of the month following the month in which the amount was paid to the non-resident.
- Other administrative income tax actions required of taxpayers by the Canada Revenue Agency (the CRA) that are due after March 18, 2020 and before June 2020 can be deferred until June 1, 2020 (unless otherwise specified). Such actions include the filing of returns, elections, designations and information requests.
- The filing deadline for charities with a Form T3010, *Registered Charity Information Return*, due between March 18, 2020 and December 31, 2020 is extended to December 31, 2020.

Income Tax Deferral

- The deadline for all taxpayers to pay any income tax amounts, including tax instalments and tax balances otherwise due on or after March 18, 2020 and before September 2020, is extended to September 1, 2020.
- No interest or penalties will accumulate on these amounts during this period.

Suspension of CRA Audit Activity

- The CRA will not initiate any post assessment income tax or GST/HST audits of small or medium (SME) businesses (i.e., with fewer than 500 employees) for the next four weeks.
- The CRA's interaction with taxpayers will be limited to high-risk or exceptional cases, situations where the legal deadline to reassess a tax return is approaching, and cases of high-risk GST/HST refund claims that require some contact before they can be paid out.
- The CRA will temporarily suspend audit interaction with taxpayers and representatives for the vast majority of businesses. Specifically, the CRA will not launch new audits, issue requests for information related to existing audits, finalize audits or issue reassessments.

Objections and Appeals

- The deadline for any objection due on or after March 18, 2020 is extended to June 30, 2020.
- Objections related to entitlement to benefits and credits have been identified as a critical service and will continue to be delivered during COVID-19. Taxpayers should not expect any delays associated with the processing of these objections.
- Objections related to other tax matters that have previously been filed are being held in abeyance, and no collection actions will be taken with respect to these accounts at this time.
- With respect to appeals before the Tax Court of Canada, the Court will be closed until May 1, 2020. The period beginning on March 16, 2020 and ending on May 1, 2020, will be excluded from the computation of time prescribed by the rules of the Court and prior orders or directions of the Court. This period may be further extended, and the Chief Justice will reassess on April 14, 2020.
- Appeals in relation to CPP/EI rulings will only be actioned in cases where EI benefits are pending. These cases will be considered on a priority basis. All other appeals will be actioned when normal services resume.

Collections

- The CRA's collections activities on new debts will be suspended until further notice and flexible payment arrangements will be available.
- Pre-existing collections situations will be addressed on a case-by-case basis by collections staff to prevent financial hardship.

Taxpayer Relief

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- Taxpayers who are unable to file a return or make a payment on time because of circumstances beyond their control (such as COVID-19), can make a request to waive or cancel penalties and interest by submitting Form RC4288, *Request for Taxpayer Relief*, to the CRA. Penalties and interest will not be charged if the extended deadlines announced by the government are met.

Requirement to Pay

- Banks and employers do not need to comply with, or remit on, existing requirements to pay during this time.

Other Administrative Relief

- As a temporary administrative measure, the CRA will recognize authorization forms with electronic signatures as having satisfied the signature requirements of the Income Tax Act. This applies to authorization forms T183 and T183CORP, which authorize tax preparers to electronically file tax returns.
- Verification work is currently on hold. No action is required at this time from taxpayers that receive any CRA correspondence that includes dates for response or provision of documents.

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