



COVID-19 — CRA & Quebec Offer GST/HST and QST Relief

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Businesses may defer certain GST/HST and QST payments and remittances until June 30, 2020. The CRA and Revenu Quebec recently announced that businesses will be allowed to defer GST/HST and QST payments and remittances where they are due on or after March 27, 2020 and before June 2020. While both tax authorities note that the GST/HST and QST returns due during this period should continue to be filed on time, both also advise that no penalties will be assessed if those returns are filed no later than June 30, 2020. Revenu Quebec further clarified that the QST relief does not extend to other provincial specific taxes, such as the tobacco tax and the tax on insurance premiums.

Many businesses may be able to improve their current cash flow under these new relief measures. However, these businesses should ensure they remit by June 30, 2020 the GST/HST and QST amounts due on or after March 27, 2020 and before June 2020 to help reduce non-deductible interest, and possible penalties, that the CRA and Revenu Quebec may assess after this date.

Background

Canada and Quebec have announced a series of measures to help businesses in response to business disruptions from COVID-19. Among other measures, Canada and Quebec recently announced relief for businesses related to the GST/HST and QST by delaying up to June 30, 2020 the payments of GST/HST and QST owing for a particular period.

GST/HST returns

The CRA released additional details on its GST/HST relief for businesses. While the GST/HST remittances and payments due on or after March 27, 2020 and before June 2020 may be deferred to the end of June 2020, the CRA clarified that businesses should continue to file the related GST/HST returns if they are able to do so. However, the CRA noted that it will not assess penalties for late-filing if GST/HST returns due during that specific period are filed by June 30, 2020

Annual filers will also be able to defer, until June 30, 2020, the GST/HST instalments due on or after March 27, 2020 and before June 2020, according to the CRA.

The CRA clarified that the temporary measures for GST/HST and Custom duties do not apply to excise taxes and duties. As a result, returns and remittances related to these taxes are still due by the regular due dates. Businesses that may not be able to make their payments on time may wish to contact the CRA to request that interest be waived. The CRA reviews these requests on a case-by-case basis.

The CRA further noted that businesses that file GST/HST returns and rebates in paper format may not receive any related refunds or rebates until normal operations resume. However, it appears that some returns and rebates filed electronically may be processed automatically unless such filings require additional reviews.

Businesses and other taxpayers should also ensure they continue to file GST/HST rebate applications and claim credits within required due dates, in accordance with the strict deadlines under the law.

QST returns

Revenu Quebec recently announced QST relieving measures similar to the CRA's new GST/HST measures. Specifically, Revenu Quebec stated that it will extend, to June 30, 2020, the deadline to remit QST amounts owing relating to QST returns due on or after March 27, 2020 and on or before June 1, 2020.

Similar to the GST/HST measures, businesses should continue to file their QST returns by the required due dates where possible. Revenu Quebec stated that it will not assess penalties for late-filed QST returns covered by the QST relieving period if these returns are filed by June 30, 2020.

Revenu Quebec further clarified that these QST relieving measures do not apply to province-specific taxes, such as fuel tax, tobacco tax and tax on insurance premiums. For these taxes, businesses must file their returns and remit amounts owing, as required by law.

KPMG observations

Businesses may want to file their GST/HST and QST returns by the prescribed due dates where this is possible, as this should limit the regular four-year reassessment

period. In general, the four-year reassessment period applies to the later of when a GST/HST or QST return is due, or when it is actually filed.

We can help

Your KPMG advisor can help you assess how COVID-19 may affect your tax obligations. We can also keep you abreast of any tax-related changes related to COVID-19 that you'll need to consider in the days and weeks ahead.

Stay connected on the latest COVID-19 developments

We continue to watch tax and legal issues related to the evolving COVID-19 situation and will provide further information as it becomes available. For the latest developments, see our dedicated COVID-19 site, [The Business Implications of Coronavirus](#).

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