COVID-19 — New Tax Filing Extensions and Relief

May 31, 2020
No. 2020-51

New extended tax return filing deadlines have recently been announced by the CRA, Revenu Quebec and Alberta Tax and Revenue Administration (TRA). Under these extensions, certain trusts and corporations with tax returns otherwise due in June, July or August 2020, may now file those returns by September 1, 2020. The CRA has also announced a broader extension to September 1, 2020 of most information returns, elections, designations and information requests otherwise due in June, July or August 2020. The CRA and Revenu Quebec have also announced new interest and penalty relief for certain individuals and trusts who are unable to file their 2019 personal tax returns on time.

Notably, individual filers should remember that no further extensions to the June 1, 2020 deadline for filing personal income tax returns for the 2019 taxation year have been announced by either the CRA or Revenu Quebec, and the June 15, 2020 filing deadline for self-employed individuals has likewise not been extended further. However, both tax authorities now say that they will not assess interest or late-filing penalties for taxpayers who file their tax returns and pay their taxes owing by September 1, 2020.

Background
In response to COVID-19, Canada made a series of announcements to enact targeted fiscal and tax relief to support individuals and businesses. Previously, the CRA announced that it would delay tax filing deadlines for individuals to June 1, 2020 (from April 30, 2020) and for trusts with a December 31, 2019 tax year-end, to May 1, 2020 (from March 30, 2020). The CRA also extended tax payment deadlines, so that all taxpayers that owe income tax balances and income tax instalments under Part I of the Income Tax Act on or after March 18, 2020 and before September 2020 have until
September 1, 2020 to remit these amounts, see TaxNewsFlash-Canada 2020-14, “COVID-19 — Tax Deadline Delay and More Relief Announced”.

The CRA later provided an additional extension to June 1, 2020 for trusts that would otherwise have to file tax returns on March 31, 2020 or in April or May 2020. In addition, the CRA extended the corporate tax return filing deadline to June 1, 2020 for corporations that would otherwise have a filing due date after March 18 and before June 1, 2020.

The CRA further provided a broader extension to June 1, 2020, for other information returns, elections, designations and information requests that would have been due after March 18, 2020 and before June 2020. Note that this general extension did not apply to certain filings which the CRA specified different extensions for, including partnership information returns and NR4 forms (extended to May 1, 2020), among others.

Late-filing penalty relief for individuals

Personal tax return deadline reminder

There are no changes to the filing deadline for 2019 personal tax returns, which was previously extended to June 1, 2020. There have also been no changes to the June 15, 2020 filing deadline for self-employed individuals and their spouses.

Interest and penalty relief

The CRA announced it will not assess interest and penalties (including late-filing penalties) for individuals who have filed their tax return and paid their related taxes by September 1, 2020. The CRA will similarly waive penalties or applicable interest related to Form T1135, “Foreign Income Verification Statement”, and any elections, forms and schedules that must be filed with the return, provided they are filed by September 1, 2020.

Quebec — Personal tax return deadline reminder & relief

Like the CRA, Revenu Quebec has not announced an additional extension to the filing deadline for 2019 personal tax returns, which continues to be June 1, 2020 (June 15, 2020 for self-employed individuals and their spouses). However, Revenu Quebec has clarified that because the deadline for payment of taxes has been extended to September 1 2020, taxpayers will not be charged a late-filing penalty if their return is filed by September 1, 2020.

KPMG observations

The CRA has stated that the filing deadline has not changed because the information in the personal income tax returns in 2019 is used to calculate 2020 tax benefit payments.
Although the CRA has indicated that it will not assess a late-filing penalty if an individual files their personal tax return and pays their taxes owing by September 1, 2020, it is not clear how this position applies if there is a subsequent reassessment of taxes (such that it is higher than that paid by the September 1, 2020 deadline). Further, if an individual is unable to pay their taxes by the September 1, 2020 deadline, but files their tax return after June 1, 2020, it is not clear whether the individual may still be subject to a late-filing penalty. To mitigate potential late-filing penalties, taxpayers should still consider filing their personal tax return by the June 1, 2020 deadline, where possible.

Extended filing deadlines for corporations

Filing due date for corporate income tax returns

The newly extended filing due date for corporate income tax returns is September 1, 2020, for corporate income tax returns that would otherwise have a filing due date in June, July or August, 2020. This extension applies for all purposes, including any elections, forms and schedules that must be filed with the corporate income tax return, Form T1135 and Form T106, “Information Return of Non-Arm’s Length Transactions with Non-Residents”.

Quebec — Corporate income tax return filing deadline

The newly extended filing deadline for taxpayers with Quebec corporate income tax return (CO-17) filing obligations is September 1, 2020, applicable to corporations whose taxation year ended between November 30, 2019 and February 29, 2020, who would otherwise file from June 1, 2020 to August 31, 2020.

Alberta — Corporate income tax return filing deadline

For corporate taxpayers with filing obligations in Alberta, the province has also extended the filing deadline for the Alberta Corporate Return (AT1) to September 1, 2020 for AT1s that would otherwise have a filing deadline in June, July or August, 2020.

KPMG observations

According to CPA Canada, the CRA has clarified that the additional filing extension to September 1, 2020 does not apply to corporations whose corporate tax return would “otherwise have a filing deadline” of June 1, 2020 solely because of previous extensions granted by the CRA (for example, a corporation with an October 31, 2019 year-end). Notably, Revenu Quebec’s guidance is also clear that its filing extension to September 1, 2020 does not apply in such cases.

The extended September 1, 2020 due date also applies to corporate tax returns for corporations with a November 30, 2019 year-end that would “otherwise have a filing deadline” in June 2020 because the ordinary filing due-date of May 31, 2020 falls on a Sunday, and is therefore extended to Monday, June 1, 2020. Revenu Quebec’s
guidance also clearly indicates that the September 1, 2020 extension is available for corporations with a November 30, 2019 year-end.

Extended filing deadline for trusts

Extension to September 1 for trusts with June, July or August deadlines

An extended September 1, 2020 deadline is now available to trusts that would otherwise have a filing due date in June, July or August 2020 for their trust information and income tax returns. Previously, the CRA had provided filing extensions to either May 1, 2020 or June 1, 2020, depending on the original filing due-date of the particular trust. The CRA notes that trusts will not be subject to penalties and interest if returns are filed and payments are made by September 1, 2020. This interest and penalty relief also applies to Form T1135 and any elections, forms and schedules that must be filed with the return, provided they are filed by September 1, 2020.

Quebec — Extended information return and income tax deadlines

Similarly, Revenu Quebec has extended the information return and income tax filing deadlines for trusts to September 1, 2020, for trusts whose taxation year ended between March 2, 2020 and May 31, 2020.

Quebec also announced that it will extend to September 1, 2020, the payment of any tax balance payable, including instalments, by a trust for its taxation year ended during the 2020 calendar year, which would otherwise be payable before September 1, 2020. Previously, Quebec had only provided an extension to September 1, 2020 in respect of a trust’s tax and instalment balances for the 2019 taxation year, that would have been payable between March 17, 2020 and August 31, 2020.

KPMG observations

According to CPA Canada, the CRA has clarified that the additional filing extension to September 1, 2020 does not apply to tax returns that would “otherwise have a filing deadline” on June 1, 2020, solely because of the previous extensions granted by the CRA. Revenu Quebec’s guidance is also clear this new filing extension to September 1, 2020 would not apply to such cases.

Partnership information returns

Filing due date for partnership information returns
The CRA announced that the extended September 1, 2020 filing deadline also applies to most other information returns that would have otherwise been due in June, July or August 2020.

KPMG observations
Although, the CRA has not specifically reflected this extension for 2019 partnership information returns on its website, it has confirmed to CPA Canada that this extension also applies to partnership information returns that would otherwise have been due in June, July or August 2020 (including 2019 partnership information returns).

Quebec — Extended partnership information return deadlines
Revenu Quebec specifically extended the filing deadline for partnership information returns to September 1, 2020 for partnerships that normally have a filing deadline between May 31, 2020 and August 31, 2020.

Other information returns, elections, designations and information requests
The CRA announced that the extended September 1, 2020 filing deadline also applies to other information returns, elections, designations and information requests due in June, July or August, 2020 (unless otherwise noted). The CRA says that penalties and interest will not be applied if information returns, elections, designations, and information requests are filed and payments are made by September 1, 2020.

KPMG observations
According to CPA Canada, the CRA has clarified that the additional filing extension to September 1, 2020 does not apply to information returns, elections, designations and information requests that would otherwise be due on June 1, 2020, solely because of the previous extensions granted by the CRA.

It is also important to consider that this September 1 extension applies “unless otherwise noted”. The CRA has specifically noted separate extensions for several filings on its website, including for:

- 2019 partnership information returns (previously extended to May 1, 2020 and expected to be updated to reflect the September 1, 2020 extension, depending on the normal filing due-date)
- 2019 NR4, “Statement of Amounts Paid or Credited to Non-Residents of Canada” (previously extended to May 1, 2020)
• Form T3010, “Registered Charity Information Return” (previously extended to December 31, 2020 for returns due between March 18, 2020 and December 31, 2020)

• Certain FATCA and CRS information returns (previously extended to September 1, 2020).

The CRA’s announcements apply to income tax filings, and do not affect GST/HST returns or payments, payroll or withholding tax payment obligations. Taxpayers should also keep an eye out for potential additional time extensions that could affect SR&ED and related investment tax credit claim filing deadlines and (re)assessment periods, following the recent release of proposed draft legislation. However, note that no such extensions have been announced yet (see TaxNewsFlash-Canada 2020-49, "COVID-19 — Canada Looking to Postpone Tax & Legal Deadlines").

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.

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.

kpmg.ca
