



TaxNewsFlash Canada

COVID-19 — Tax Deadline Delay and More Relief Announced

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Canada has announced new financial and tax measures in response to COVID-19. In addition to extending certain tax deadlines, Canada will provide a variety of financial measures for Canadian individuals and businesses affected by the COVID-19 outbreak. In particular, the CRA will delay tax filing deadlines for individuals to June 1, 2020 and for trusts to May 1, 2020. In addition, all taxpayers that owe income tax balances and income tax instalments on or after March 18, 2020 and before September 2020 will now have until September 1, 2020 to remit these amounts. Further, Canada will provide a temporary wage subsidy to help small businesses retain employees and an Emergency Care Benefit to offer financial support to affected individuals.

Businesses and individuals should review these measures, which were announced by Canada's Prime Minister and Minister of Finance on March 18, 2020, to determine whether they may qualify for government support. In particular, these measures may help businesses maintain their cash flow despite any disruptions caused by COVID-19. As this situation continues to develop quickly, Canada also indicated that it would table emergency legislation to implement these measures, and that further support would be forthcoming, including for industries that are disproportionately affected at this time.

Background

Canada launched a COVID-19 Response Fund on March 11, 2020 that, among other considerations, allows businesses to make flexible arrangements with the CRA in meeting payment obligations where they face difficulties related to COVID-19. In addition, the Response Fund allows workers in quarantine or who are directed to self-isolate, to receive Employment Insurance (EI) sickness benefits earlier. The government said it would waive the one-week waiting period for those individuals in imposed quarantine that claim Employment Insurance (EI) sickness benefits. This temporary

measure is in effect as of March 15, 2020. For details, see *TaxNewsFlash-Canada* 2020-10, "[Tax Measures Included in Canada's COVID-19 Response](#)".

In a follow-up announcement on March 13, 2020, the government said it would introduce measures to support the Canadian economy, including making additional credit available to businesses struggling to deal with the effects of the virus. For details, see *TaxNewsFlash-Canada* 2020-12, "[Fiscal Relief on the Way Following COVID-19 Concerns](#)".

Quebec announced on March 17, 2020 that it would extend the deadline for individual income tax returns to June 1, 2020 (from April 30, 2020) and for certain trusts to May 1, 2020 (from March 30, 2020). In addition, the province said it will extend the balance due date for tax instalments and taxes payable to at least July 31, 2020 for individuals, individuals with business income, trusts and corporations. However, no measures were announced to extend deadlines related to indirect tax, or filing deadlines for corporate tax returns or partnership information returns. For details, see *TaxNewsFlash-Canada* 2020-13, "[Quebec Delays Tax Deadlines in Light of COVID-19 Issues](#)".

Businesses measures

Tax payment relief

Businesses will be able to defer payment of any income tax amounts until September 1, 2020. This deferral applies to tax balances and instalments that are owing on or after March 18, 2020 and before September 2020. These amounts will not be subject to interest or penalties during this period.

KPMG observations

This payment relief applies only to income tax payments, and does not apply to other payments such as GST/HST and employer payroll remittances.

Temporary wage subsidy for small businesses

Small employers may be eligible for a temporary wage subsidy to help prevent lay-offs. This subsidy, which will be available for three months, will be equal to 10% of remuneration paid during that period, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer. Businesses will be able to benefit from this support now by reducing their remittances of income tax withheld on their employees' remuneration. This measure applies to corporations eligible for the small business deduction, as well as non-profit organizations and charities.

For the impact of these and other recent changes on employers, please see *TaxNewsFlash-Canada* 2020-16, "[Employers — Prepare Your COVID-19 Contingency Plan](#)".

Audit delays

The CRA says it will temporarily suspend all audit interaction with taxpayers and representatives, for the vast majority of businesses. In particular, the CRA will not contact any small or medium businesses to initiate any post assessment GST/HST or Income Tax audits for four weeks.

KPMG observations

It's not yet clear whether this delay may also postpone refunds due to taxpayers, including for SR&ED returns.

Other measures

The government announced additional economic measures to support businesses including changes to:

- Temporarily recognize electronic signatures as having met the signature requirements of the *Income Tax Act* for CRA authorization form T183CORP
- Provide additional support to Canadian companies through loans, guarantees or insurance policies via the Canada Account that is administered by Export Development Canada (EDC)
- Increase the near-term credit available to farmers and the agri-food sector through Farm Credit Canada
- Coordinate credit solutions for individual businesses, including in sectors such as oil and gas, air transportation and tourism
- Make the CRA's Liaison Officer service for owners of small businesses available by phone.

Individual measures

Tax filing and payment relief for individuals and trusts

Individuals, other than trusts, will have until June 1, 2020 to file their personal tax returns for the 2019 taxation year. Trusts with a taxation year ending on December 31, 2019 will now have until May 1, 2020 to file their tax returns for the 2019 taxation year.

In addition, all taxpayers who have income tax balances and income tax instalments that are owing on or after March 18, 2020 and before September 2020 will be able to defer

payment of any income tax amounts until September 1, 2020. These amounts will not be subject to interest or penalties during this period.

KPMG observations

The government did not announce measures to extend other filing deadlines, including for indirect tax returns, corporate tax returns and partnership information returns.

Emergency Care Benefit

Workers who need to stay home because of COVID-19 but are not eligible for EI may qualify for a new Emergency Care Benefit. This new measure, which provides up to \$900 every two weeks, for up to 15 weeks, will be available to individuals, including the self-employed, who fall ill with COVID-19, are placed in quarantine or take care of family member who is ill. The benefit will also be provided to parents with children who require care or supervision due to school closures, and are unable to earn employment income. The CRA will administer the benefit and eligible individuals will be able to apply online or by phone for the benefit starting in April 2020. Applicants will not have to provide a medical certificate, but will have to re-attest that they meet the eligibility requirement every two weeks to reconfirm eligibility.

Emergency Support Benefit

The government announced a new Emergency Support Benefit to be provided through the CRA that will provide support to workers who are not eligible for EI and who are facing unemployment. Further details of this change are expected to be announced soon.

Other measures

The government announced additional measures to support individuals, including changes to:

- Offer more support for workers in the air transportation, tourism and oil and gas sectors, with details to be provided soon
- Reduce required minimum withdrawals from Registered Retirement Income Funds (RRIFs) by 25% for 2020, with similar rules for individuals receiving variable benefit payments under a defined contribution Registered Pension Plan
- Increase the maximum annual Canada Child Benefit (CCB) payment by \$300 per child for the 2019-20 benefit year as part of their May payment
- Temporarily recognize electronic signatures as having met the signature requirements of the *Income Tax Act* for CRA authorization form T183

- Place six-month interest-free moratorium on the repayment of Canada Student Loans
- Make a one-time special payment to eligible individuals through the Goods and Services Tax credit (GSTC) of almost \$400 for single individuals and \$600 for couples on average in May 2020
- Increase flexibility for homeowners to defer mortgage payments on certain insured mortgage loans through Canada Mortgage and Housing Corporation
- Provide support, through Canada's large banks, including a deferral of up to six-months for mortgages and possible relief on other credit products such as skip-a-payment on automobile loans or credit cards
- Make the CRA Outreach program available by phone and webinar for individuals with questions about tax obligations
- Encourage individuals to e-file their tax and benefit returns.

We can help

Your KPMG advisor can help you assess how COVID-19 may affect your tax obligations in light of these new announcements. 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.

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