COVID-19: Top five tax questions for individuals and businesses answered

March 19, 2020

Updated as of June 18, 2020.

As schools and businesses close down across the country, Canadians are dealing with unprecedented challenges. While tax obligations are often overlooked in these difficult times, many have started to ask about postponements of tax deadlines and related tax filing obligations. This article seeks to provide answers to some of the most frequently asked questions regarding tax obligations that have arisen during this global outbreak. While legal obligations are to be assessed on a case-by-case basis, the following summarizes, at a high level, the current guidance available and the applicable principles.

1. When will the federal government deliver the budget?

Updated as of June 18, 2020

On June 16, the Prime Minister announced the government would release an "economic and fiscal snapshot" of federal finances on July 8; however, the government has not yet decided when it would release a full 2020 budget. This "snapshot" will focus on the short term rather than the long term to account for the economic instability caused by the global pandemic.

On the day COVID-19 was declared a global pandemic by the World Health Organization, the Canadian federal budget was tabled for March 30, 2020. Owing to the unpredictable economic circumstance, the federal budget has been delayed, and a new date has yet to be set.

2. When do personal income tax returns need to be filed and payments made by?

Federal Taxes:

On March 18, 2020, the government announced it would extend the personal income tax filing deadline by one month (from April 30, 2020 to June 1, 2020) because of COVID-19.

All other provinces and territories' deadlines (with the exception of Québec) should be extended by virtue of the federal deadline extension.

The federal government is also recognizing electronic signatures as a temporary administrative measure. Notably, this applies to authorization forms T183 and T183CORP, which are usually signed in person to authorize tax preparers to file taxes on others' behalf.

For more information, see the federal government announcement here.

Québec Taxes:

On March 17, 2020, the Québec government announced they would extend their tax filing deadline to June 1, 2020. The deadline to make payments without incurring penalties and interest is also postponed to July 31, 2020.

3. When do corporate income tax returns need to be filed and payments made by?

Updated as of June 1, 2020

Income Tax

Filing Deadlines: Corporations with income tax filing deadlines on May 31, or in June, July, or August of 2020 have until September 1, 2020 to file their tax returns. This extension also applies to Form T106, T1134, and all other elections, forms, and schedules required for the returns.

Payment Deadlines: Corporate income tax payments under Part I of the *Income Tax Act* (Canada) that are due on or after March 18 and before September 1, 2020 are all due on September 1, 2020.

Further information regarding filing and payment deadlines can be found online.

Sales Tax

Goods and Services Tax/Harmonized Sales Tax (GST/HST) remittances are deferred until June 30, 2020. More specifically:

1. Monthly filers (vendors with annual sales of more than $6 million) may defer remittance for amounts collected for February, March and April 2020 reporting periods;
2. Quarterly filers (vendors with annual sales of $1.5 million to $6 million) may defer remittance for amounts collected for the January 1, 2020 to March 31, 2020 reporting period;

3. Annual filers (vendors with annual sales of less than $1.5 million) may defer amounts on returns or instalments due in March, April or May 2020; amounts collected and owing for their previous fiscal year; and instalments of GST/HST in respect of their current fiscal year.

Payment deadlines for customs duties are also deferred to June 30, 2020 for statements of accounts for March, April, and May 2020.

Further information regarding sales tax can be found online.

Payroll Tax

Payroll deductions and related activities must continue to be completed on time. No extension is available.

Requirements to Pay

Employers do not need to comply or remit on existing requirements to pay (RTPs) for employees.

On March 18, 2020, the federal government announced that businesses could also defer, until after August 31, 2020, payments of any income tax amounts that are owed on or after March 18, 2020 and before September 2020. This relief applies to Part I tax balances due, as well as installments, under the *Income Tax Act* (Canada). Interest and penalties do not accumulate during this time.

Small- or medium-sized businesses will not be contacted to initiate GST/HST or income tax audits in the next four weeks. For the majority of businesses, the CRA will suspend audit interactions temporarily.

The federal government has not announced any extension to corporate tax return filing deadlines.

4. Is relief available from taxpayer obligations, interest and penalties?

In situations of hardship, consideration is typically given to making an application under taxpayer relief legislation to request the cancellation or waiver of interest and penalties. Hardship in the current circumstances is relative. It appears that the federal and provincial governments are working to provide relief from taxpayer obligations by extending deadlines and introducing various benefits and subsidies.

It may be that these extensions are sufficient to allow the majority of taxpayers to file their taxes on time, but others may be impacted differently. For instance, a taxpayer who is hospitalized between now and the new deadline because of COVID-19 may still not be able to fulfill their filing obligations. In such circumstances, existing taxpayer relief legislation contemplates a request to cancel or waive of interest and penalties for that taxpayer. Facts will need to be considered on a case-by-case basis.

Saskatchewan:

Saskatchewan Finance issued a Notice to businesses directly impacted by COVID-19. Should the business be unable to file provincial tax return(s) by the due date due to issues related to the COVID-19, the business can request relief from penalty and interest that may be assessed.

The waiver request can be submitted:

- Electronically through the Saskatchewan eTax Service (SETS) located at sets.saskatchewan.ca;
- By email (sasktaxinfo@gov.sk.ca); or
- In writing to the address below:

Ministry of Finance
Revenue Division
2350 Albert Street, Regina, Canada S4P 4A6

Provincial tax returns can be filed electronically via the Saskatchewan eTax Services website.

Payments can be made electronically.

For more information, review the Saskatchewan government's Notice on the matter here.

5. Are the courts staying open? Do court filing deadlines continue to apply?

The approach being taken varies depending on the court. Below are the arrangements made by the courts that deal with most federal tax matters.

Tax Court of Canada:

Updated as of April 17, 2020

All sittings and conference calls scheduled between March 16 and May 29, 2020, inclusive, are cancelled. The court will reassess on or before May 20, 2020 whether further alterations will be made to the judicial sittings schedule. Those affected by the cancellations will be contacted directly.

The period between March 16 ending on the day that is 60 days after the Court and its offices reopen will not be included in the computation of time under the *Tax Court of Canada Rules (General Procedure)*; all rules under the *Tax Court of Canada Act* that are under the Tax Court of Canada's jurisdiction; or an Order or Direction of the Tax Court of Canada.

The extra 60 days allows parties more time to review their files and make the appropriate preparations for their proceedings.

All Notices of Appeal filed in this time are treated as including an Application for Extension of Time to Appeal brought on the exceptional grounds of the COVID-19 pandemic preventing the timely filing of a Notice of Appeal.

For further information, please see the Practice Direction and Order of the Tax Court of Canada dated April 17, 2020 or contact a member of our Tax Disputes & Litigation team.

Federal Court of Canada:

Updated as of April 29, 2020

- The Federal Court remains open for urgent case-related matters.
- Urgent and "exceptional" matters may qualify for an exception on a case-by-case basis. This will typically include applications for a stay of release from detention or for removal from Canada, which occur during the suspension period.
- All general sittings are cancelled between March 16 and June 28, 2020, and any matters scheduled to proceed during this time are adjourned sine die, including hearings that were scheduled to proceed by way of telephone conference.
- The Court will not hold hearings until June 29, 2020.
- Timelines for filing documents and other procedural steps will be extended by 14 days past May 29, 2020 to June 12, 2020 plus whatever time a party had left before their original deadline.
- All timelines made under Orders and Directions of the Court prior to May 29, 2020 are suspended for the suspension period, as well as those under subsection 18.1(2) of the *Federal Courts Act*, para 72(2)(c) of the *Immigration and Refugee Protection Act*, 22.1(2) of the *Citizenship Act*, and under the *Federal Courts Rules*. All other statutory deadlines continue to apply.
- The paper filing requirements are relaxed and documents – including originating documents – may be filed by e-mail. Judgments and reasons will be deemed signed if affixed with a facsimile of the judge's signature. These measures will be effective until further notice.

For further information, please see the release dated April 29, 2020, or contact a member of our Tax Disputes & Litigation team.

Federal Court of Appeal:

Updated as of May 12, 2020

- All hearings scheduled to be heard through to May 29, 2020 are adjourned, except for any urgent matters, which will be heard by teleconference.
- For purposes of calculating time under the *Federal Court Rules*, the period between March 16 to May 29, 2020, inclusive, will not be included in the calculation of time.
- All filing deadlines continue to apply.
- The Federal Court of Appeal remains available to deal with urgent matters by teleconference.
- All filing deadlines continue to apply. Parties who are not able to meet the ordinary filing deadlines, however, may apply for an extension but are asked to do so after court operations return to normal.

- Staff will remain available to receive court filings at all registry offices.
- Electronic filings are encouraged instead of filing paper documents. PDF documents should be emailed to information@fca-caf.gc.ca. Documents may not exceed 25 MB. Parties are not required to file paper copies once an email copy is filed.
- The Court is reviewing its list of pending cases to determine which ones are ready to progress. The procedures for cases selected to progress can be found on the April 15, 2020 Notice.
- Affidavits sworn or affirmed remotely before May 29, 2020 using methods acceptable in any Superior Court of any province will be accepted for filing by the Federal Court of Appeal.

For further information, please see Notice to the Parties and the Profession dated May 12, 2020, or contact a member of our Tax Disputes & Litigation team.

Supreme Court of Canada:

Updated as of April 29, 2020

- Hearings scheduled for March, April, and May were adjourned, and the Supreme Court of Canada has provided a list of rescheduled hearings for June 2020 and September 2020.
- Hearings not listed will be heard starting the week of October 5, 2020.
- The Registrar will be in touch with parties regarding rescheduling hearings.
- Parties may seek adjournments or request to appear via teleconference or video link. The press and media are permitted to attend such hearings in person.
- Physical access to the premises will be restricted to persons necessary to the proceedings before the Court and no visitors are permitted.
- Modified filing requirements apply.

For further information, please see the news release from the Supreme Court of Canada, or contact our Tax Disputes & Litigation team.

For advice with respect to tax issues arising from COVID-19, please get in touch with the authors listed below who are ready and available to assist with navigating through these unprecedented times. BLG has also created a COVID-19 Resource Centre to assist businesses on a variety of topics, including contractual risks, public disclosure requirements, schools and criminal law.

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