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Management

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INVESTMENT, TAX AND LIFESTYLE PERSPECTIVES FROM RBC WEALTH MANAGEMENT SERVICES

Tax filing and payment extensions in response to COVID-19

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Both the Canadian and United States (U.S.) governments have introduced a number of measures to help alleviate financial hardship for Canadian resident and U.S. taxpayers brought on by COVID-19. Both countries have introduced measures to postpone certain tax filings and in some cases, payment deadlines. While these extensions may come as a relief during this stressful time, you may want to consider filing as early as possible if you are expecting a tax refund.

Canadian tax deadlines (other than Quebec)

Filing deadlines

The following table summarizes various 2019 tax filing deadlines:

	Regular deadline	Extended deadline
Personal income tax filing	April 30, 2020	June 1, 2020
Personal income tax filing if you or your spouse or common-law partner were self-employed	June 15, 2020	June 15, 2020 (no extension)
Trust with December 31 year end income tax filing	March 30, 2020	May 1, 2020
Other trusts income tax filing (including the associated T3 information return)	Filing due date in April or May, 2020	June 1, 2020
Corporate income tax filing	6 months after year-end	Unchanged, unless the filing due date was after March 18, 2020 and before June 1, 2020, then June 1, 2020

The Canada Revenue Agency (CRA) has extended the filing deadline for most returns, forms (e.g. T1135 Foreign Income Verification Statement), elections (e.g. T2057 Election on disposition of property by a taxpayer to a taxable Canadian corporation), designations (e.g. principal residence change of use election) and responses to information requests that are due after March 18, 2020 until June 1, 2020.

Note that T3 trust returns, T5013 partnership returns and NR4 information returns need to be filed by May 1, 2020. The government's extension of the trust income tax return filing deadline to May 1 may mean that there is a delay in the receipt of information by trust beneficiaries and unit holders needed to file their tax returns.

The CRA is also extending the filing deadline to December 31, 2020 for all charities with a Form T3010, Registered Charity Information Return due between March 18, 2020 and December 31, 2020.

Payment of taxes

All taxpayers, including individuals, trusts, and corporations, will be allowed to defer the payment of certain income tax amounts and tax instalments that may become owing on or after March 18, 2020 and before September 2020 until September 1, 2020. For example, personal income taxes that would normally need to be paid by April 30, can be delayed until September 1, 2020. As well, any personal tax instalment payment that would normally need to be made by June 15, 2020 can be made as late as September 1, 2020.

Payroll deductions and remittance of tax

The CRA has advised that payroll deductions and all related activities (except to the extent they relate to the reduction of remittances because of the temporary wage subsidy recently implemented by the Canadian government in response to COVID-19) must continue to be done on time.

Goods and Services Tax (GST)/Harmonized Sales Tax (HST) remittance deferral

The government is proposing to defer certain GST/HST remittances to June 30, 2020 for monthly, quarterly and annual filers as follows:

- Monthly filers - remittances collected for February, March and April 2020 reporting periods;
- Quarterly filers – remittances collected for the January 1, 2020 through March 31, 2020 reporting period; and
- Annual filers, whose GST/HST return or instalment are due in March, April or May 2020 – remittances collected and owing for their previous fiscal year and instalments of GST/HST in respect of the filer's current fiscal year.

Personal income taxes that would normally need to be paid by April 30, can be delayed until September 1, 2020.

Alberta corporate tax filings

A corporation that has a permanent establishment in Alberta may also need to file an Alberta corporate income tax return in addition to a federal tax return. The Alberta government is deferring the payment deadline of corporate income tax balances and instalment payments, due on or after March 19, 2020, until August 31, 2020.

Quebec tax deadlines

Income tax filing

If you are a resident of Quebec, you will need to file a federal income tax return as well as a Quebec income tax return. The following table summarizes various 2019 income tax filing deadlines:

	Regular deadline	Extended deadline
Personal income tax filing	April 30, 2020	June 1, 2020
Personal income tax filing if you or your spouse or common-law partner were self-employed	June 15, 2020	June 15, 2020 (no extension)
Trust with December 31 year end income tax filing	March 30, 2020	May 1, 2020
Corporate income tax filing	6 months after year-end	No extension

Quebec partnership information returns that are due on March 31, 2020 can be filed as late as May 1, 2020.

Payment of taxes

For individuals, a Quebec income tax balance relating to the 2019 tax year that would normally be due on April 30, 2020, can be paid by September 1, 2020. Any taxes owed by a trust (other than a specified-investment flow-through trust) that would be due no later than March 30, 2020 must be paid by September 1, 2020.

Any taxes owing by a corporation that are due between March 18, 2020 and September 1, 2020 may be paid no later than September 1, 2020.

For individuals and trusts who are required to make tax instalments, the June 15, 2020 tax instalment is suspended until September 1, 2020. Similarly, in the case of a corporation, any instalment payment that is due between March 18, 2020 and September 1, 2020 is suspended until September 1, 2020.

Quebec Sales Tax (QST)

The Quebec government has postponed the filing deadline for the QST return and the payment of the March 31, April 30 and May 31 QST remittances to June 30, 2020, without interest or penalties.

US individual federal tax returns filing deadline and payment of taxes

If you are a U.S. person (U.S. citizen or green card holder) living in Canada, you may still have U.S. tax obligations. Normally, you must file your U.S. federal income tax return by April 15. The U.S. government is extending the 2019 income tax filing deadline to July 15, 2020. Note, if you reside outside the U.S. on April 15 and your main place of business or employment is outside the U.S., the filing deadline is automatically extended to June 15. You may also be able to request an additional extension to file your U.S. income tax return by October 15.

Regardless of your filing deadline date, any U.S. federal tax owed must normally be paid by April 15. The U.S. government is extending the federal tax payment deadline to July 15, 2020.

If you are a U.S. person (U.S. citizen or green card holder) living in Canada, you may still have U.S. tax obligations. Normally, you must file your U.S. federal income tax return by April 15. The U.S. government is extending the 2019 income tax filing deadline to July 15, 2020.

Note that at the time of writing this article, it does not appear that the U.S. government has provided any extension for the filing deadline for certain informational returns that U.S. persons living in Canada may have to file, such as IRS Form 3520 (Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts), or IRS Form 8938 (Statement of Foreign Financial Assets).

Also, if you are subject to U.S. state tax, you will need to check with your state to see if there are any extensions.

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