



Wealth
Management

the Navigator

INVESTMENT, TAX AND LIFESTYLE PERSPECTIVES FROM RBC WEALTH MANAGEMENT SERVICES



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New measures to assist taxpayers during COVID-19 pandemic

RRIF minimum payment proposed to be reduced by 25% for 2020 and income tax filing and payment extensions

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. Further, if you are entitled to the Canada Child Benefit and/or the GST credit, the Canadian government encourages you to not delay your tax filings so that your 2020-2021 benefits are properly determined.

Proposed temporary reduction of RRIF minimum withdrawals

The Canadian government has announced a proposal to reduce Registered Retirement Income Fund (RRIF) minimum withdrawals by 25% only for 2020. Your RRIF minimum payment for each year, after the year your RRIF is established, is calculated by multiplying the fair market value (FMV) of your RRIF at the end of the previous year by a prescribed percentage factor. The prescribed percentage depends on your age

or your spouse's or common-law partner's age (if applicable) at the end of the previous year (depending on whose age you elected at the time the RRIF was established).

Note it is possible to take a RRIF payment by transferring investments in-kind from your RRIF directly into your non-registered account. It is not necessary for your RRIF investments to mature or to be liquidated before you transfer them.

The reduction in minimum payment will apply to individuals receiving variable

benefit payments under a defined contribution registered pension plan. As locked-in plans are subject to the same tax legislation as regular registered plans (such as RRIFs), the proposed legislation will also apply to life income funds (LIFs) and prescribed registered retirement income funds (prescribed RRIFs). A LIF or prescribed RRIF is similar to a RRIF to the extent that an individual must receive at least the annual minimum payment from the plan.

The Quebec government has also announced that it will reduce mandatory RRIF withdrawals by 25% for the 2020 tax year.

Additional details on how this change is to be administered should be included in draft legislation which is expected to be released shortly.

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
Corporate income tax filing	Varies depending on the corporation's specific circumstances	No extension

Currently, the government has not commented with respect to the extension of partnership filing deadlines. It should also be noted that the government's extension of the trust income tax return filing deadline to May 1 may mean that trust beneficiaries and unit holders will have to delay filing their tax returns until they receive their T3 tax slips.

Payment of taxes

The Canada Revenue Agency will allow all taxpayers, including individuals, trusts, and corporations, to defer the payment of any 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.

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	Varies depending on the corporation's specific circumstances	No extension

Note that for 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, any Quebec income taxes owing 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 as of March 17, 2020 must be paid by September 1, 2020. Any taxes owing by a corporation that are due between March 17, 2020 and August 31, 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. The date and terms of payment of this amount will be announced by the Quebec Minister of Finance at a later date. Similarly, in the case of a corporation, any instalment payment that is due between March 17, 2020 and August 31, 2020 is suspended until September 1, 2020.

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. At the time of writing this article, we do not know if this tax filing deadline for these individuals will also be extended to July 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 on up to \$1 million dollars in taxes to July 15, 2020.

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

This article may contain strategies, not all of which will apply to your particular financial circumstances. The information in this article is not intended to provide legal, tax or insurance advice. To ensure that your own circumstances have been properly considered and that action is taken based on the latest information available, you should obtain professional advice from a qualified tax, legal and/or insurance advisor before acting on any of the information in this article.



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