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COVID-19: Federal Personal Income Tax Measures

Administration

The deadline for most individuals to file their 2019 taxes has been extended to June 1, 2020 (if you, your spouse, or your common-law partner are self-employed, the deadline is still June 15, 2020), although no penalties or interest will be charged if the return is filed by September 1. The extensions also apply to forms T106, T1135, and any elections, forms and schedules that must be filed with the return, provided they are filed by September 1, 2020.

Even though the late-filing penalty has been waived, because CRA is experiencing significant delays in processing paper income tax and benefit returns, it's recommended you file your 2019 taxes online by June 1, 2020, and register for direct deposit to get refunds faster and avoid interruptions to benefit and credit payments.

If you already filed a 2019 paper return that has not been processed yet, you can file it again online using NETFILE certified tax software. This does not include returns that the software says must be paper-filed or returns that are excluded from electronic filing.

The CRA will implement a temporary measure, starting on April 20, 2020, which will allow an electronic filer to submit an electronic return for their client, even if a paper return has already been received for that tax year, but has

not yet been processed. This temporary measure excludes returns where the:

- CRA's web response stated that the return must be paper filed; or
- electronic filing exclusions are applicable.

Clearance certificates (Forms TX19 and GST352) continue to be processed. However, processing times may be increased. As a result, any documentation or new clearance request applications sent to the CRA after March 12, 2020, may not have been included in the inventory for processing. Legal representatives who submitted a clearance request after March 12, 2020, are encouraged to resubmit the request and supporting documents electronically, either through Represent a Client or by email. As part of the response to COVID-19, the CRA has created a temporary procedure allowing taxpayers and their representatives to submit clearance certificate requests and supporting information via email. To submit the request via email, the legal representative must contact the CRA by sending an email, without confidential information, to CCTX19G@cra-arc.gc.ca and include in the subject line the province where the legal representative lives. A CRA officer will reply by email, outlining the potential security risks of using email to transmit confidential information. If you reply by email accepting the risks, the

CRA will allow you to submit the clearance application and supporting information.

During the COVID-19 pandemic, CRA is continuing to review requests for a certificate of compliance under section 116 (T2062 series of forms). However, processing times may be longer than usual. CRA cannot process applications for Individual Tax Numbers (ITNs) alongside your request for certificate of compliance. If you need to, apply for the ITN separately by completing Form T1261, Application for a Canada Revenue Agency Individual Tax Number (ITN) for Non-Residents, and following the mailing instructions on the form.

Due to restrictions on mail operations, and until operations resume in full, CRA may not be able to access any documents sent by mail or fax after March 12, 2020. You can still submit your request and information by mail or fax, but there may be delays in processing. If your situation is, or becomes, urgent, call 1-800-959-8281 or contact CRA by email at NRDISPOG@cra-arc.gc.ca for requests for certificates of compliance. The CRA has created a temporary procedure allowing taxpayers and their representatives to electronically submit the following urgent requests:

- requests for a certificate of compliance under section 116 (T2062, T2062A, T2062B, T2062C forms); and
- supporting information, as applicable.

To send documents, send CRA an email stating that you want to correspond by email with the CRA to submit a request or enquiry to NRDISPOG@cra-arc.gc.ca (for requests for certificates of compliance, comfort letters, and enquiries on previously submitted requests). Wait for a CRA officer to respond to your email. The CRA officer will send you the requirements to authorize communication by email, and tell you when/if you are permitted to submit your application or request by email. For resubmissions, please include the date you originally submitted your application.

On May 28, 2020, the CRA announced it is resuming a full range of audit work and adapting its practices to reflect the health and economic impacts of COVID-19. It is prioritizing actions that are beneficial to the taxpayer or where taxpayers have indicated there is an urgency to advancing their audit. It is focusing on higher dollar audits first, audits close to completion, and those with a strategic importance to the Government of Canada, provinces and territories, or tax treaty partners. In addition, efforts to combat suspected fraud and other criminal activity are advancing. New methods of taxpayer and registrant interaction will be required, and the CRA is working to develop procedures and protocols to adapt these to the current reality. Some

key changes will relate to offering additional time and upfront consultation on requests to provide the CRA with information and access. Public Health directives will be respected, and additional reasonable measures will be extended both in terms of timing or another other aspect of a CRA request. In addition, Requirements for Information (RFIs) issued prior to March 16 and due after that date will be reviewed and taxpayers and third parties, including financial institutions, will be contacted where the CRA continues to require the information in the RFI.

The COVID-19 crisis has resulted in the imposition of safety measures by governments around the world, including the Canadian government. Similarly, businesses have imposed safety measures to protect their employees. These measures include restrictions on travel (Travel Restrictions), which have resulted in certain taxpayers and their representatives expressing concerns regarding a number of potential Canadian income tax issues. It is possible that some of these income tax issues will arise from the Travel Restrictions instituted by another country independent of those instituted by Canada. As well, it is understood that, in some situations, particular Travel Restrictions could have effect past the date on which they are officially lifted. Therefore, the CRA will consider whether a particular tax issue has arisen as the result of the Travel Restrictions on a case-by-case basis.

Additionally, it is uncertain how long it will be necessary for the Travel Restrictions to remain in place. Accordingly, the CRA is providing guidance on the issues described below that will apply from March 16 until June 29, 2020, at which time the CRA may extend them if necessary, or rescind them if no longer required. The administrative approach taken by the CRA in addressing these issues is intended to assist taxpayers during this time of crisis. It does not represent any interpretive position or intention to establish any broader policy by the CRA. Nor does it represent any change in Canada's ongoing commitment to combat international tax evasion and avoidance. In this regard, any taxpayer that engages in tax evasion or avoidance schemes that attempt to exploit the crisis or the temporary relieving CRA positions can expect that the CRA will pursue all compliance tools at its disposal to protect the integrity of Canada's tax system. At www.canada.ca/en/revenue-agency/campaigns/covid-19-update/guidance-international-income-tax-issues.html, the CRA provides guidance on the following international tax issues:

- Income Tax Residency;
- Carrying on business in Canada/permanent establishment;

- Cross-border employment income;
- Waiver Requests – Payments to non-residents for services provided in Canada; and
- Disposition of taxable Canadian property by non-residents of Canada.

Tax Benefits

The Canada Child Benefit (CCB) will be increased in July. The increase will be in place for the 2020-2021 benefit year, and will raise the maximum benefit to \$6,765 per child under age 6, and \$5,708 per child aged 6 through 17.

On May 15, the Minister of National Revenue announced that benefit payments will continue for an additional three months for those who are not able to file their 2019 income tax returns on time. Eligible Canadians who are presently receiving the GST/HST credit and/or the CCB will continue to receive these payments until the end of September 2020. The CRA expects many Canadians will need to take advantage of the extended tax return filing deadline of June 1. Therefore, if the 2019 tax return is not assessed, and to allow time to calculate benefits and/or credits for the July to September 2020 payments, payment amounts will be based on information from 2018 tax returns. If 2019 tax returns are not received and assessed by early September 2020, estimated benefits and/or credits will stop in October 2020 and the taxpayer will have to repay the estimated amounts that were issued as of July 2020.

Courts

With respect to appeals before the Tax Court of Canada (TCC), the TCC cancelled its judicial sittings and conference calls until July 17, 2020. Parties affected by these cancellations will be contacted directly by the Registry staff.

The period beginning on March 16, 2020, and ending on the day that is 60 days after the TCC and its offices eventually reopen for the transaction of business will be excluded from the computation of time under: the Tax Court of Canada Rules (General Procedure); all other Rules made under the Tax Court of Canada Act governing the conduct of matters that, pursuant to section 12 of the Tax Court of Canada Act, are under the TCC's jurisdiction; or an Order or Direction of this Court.

In addition, subject to the discretion of each judge, the TCC will look favourably on applications by the Minister of National Revenue for analogous extensions of the time limits for filing replies to Notices of Appeal where such time limits are governed by the *Tax Court of Canada Act*. This includes applications for extensions of time limits under subsections 18.16(1) and

18.3003(1) of the *Tax Court of Canada Act*. In light of this, the TCC encourages parties to consent to an extension of the time limits for filing a reply referred to in this paragraph.

Parties who file documents electronically at this time are exempted from any requirement to file paper copies; however, the Registry will not process the documents filed until the TCC reopens for the transaction of business. Where there are no statutory deadlines, parties are asked to wait and file other documents and requests once the TCC reopens for the transaction of business.

The TCC will be—on a case by case basis—as flexible as reasonably possible in dealing with all requests. In order to avoid numerous unnecessary applications for extension of time to file Notices of Appeal, the TCC will treat all Notices of Appeal filed during the period that the TCC is closed and for 60 days thereafter as including an application for an extension of time to appeal brought on the exceptional grounds that the Applicant was prevented by the COVID-19 pandemic and the TCC closure from filing within the normal statutory deadlines. The Registry will advise the Respondent of this when it serves a Notice of Appeal on the Respondent and will ask the Respondent to either confirm that the appeal was filed: in a timely manner and no extension is necessary; after the statutory deadline but that the Respondent consents to the application; or after the statutory deadline and that that the Respondent opposes the application.

The Federal Court has suspended operations until June 29, 2020, subject to certain exemptions (usually with the consent of all parties) for urgent or exceptional matters, case management hearings, by request of a party, at the Court's initiative, and adjudications motions in writing. Time-limits for the filing of documents and the taking of other procedural steps will be extended by 14 days following the end of the suspension period, to June 12, 2020. All hearings (including teleconferences, unless specific arrangements have been made) that had previously been scheduled to take up to and including June 28, 2020, are adjourned *sine die* and all General Sittings in that period are cancelled.

The Federal Court of Appeal suspended the running of time under the Rules, orders, and directions of the Court until June 15, 2020. All previous Notices to the Parties and the Profession remain in effect. Affidavits sworn or affirmed remotely during the suspension period using methods deemed acceptable in any Superior Court of any province will be accepted for filing during the Federal Court of Appeal's suspension period.