



# TAX NOTES

March 18, 2020

## FINANCE ANNOUNCES COVID-19 TAX RELIEF

On March 18, 2020, the Prime Minister and the Minister of Finance announced an economic relief package to begin addressing the economic impacts of the COVID-19 pandemic. This is likely to be the first of several rounds of economic measures announced in the coming months, as the Minister of Finance indicated that the Government of Canada was prepared to do “whatever it takes” to manage the current crisis.

The interim measures include tax relief for individuals and businesses. The most critical tax measures for our clients are described in brief below. No draft legislation or administrative statements have been released, so details are sparse. Parliament will not resume sitting until late April (at the earliest), so it is expected that the CRA will implement these measures immediately with retroactive legislation to ratify the CRA’s actions.

### Filing Delay for Individuals and Trusts

The deadline for filing 2019 T1 income tax returns has been extended from April 30, 2020 to June 1, 2020. For trusts with a December 31, 2019 taxation year end, the filing deadline has been extended from March 30, 2019 to May 1, 2020. The CRA will accept electronic signatures on Form T183 in order to avoid in-person meetings with tax preparers. Nevertheless, individuals eligible for the Canada Child Benefit or the GST/HST credit are encouraged to file on time in order to ensure that they receive the benefits to which they are entitled.

### Temporary Wage Subsidies for Business

Canadian-controlled private corporations eligible to claim the small business deduction, non-profit organizations and registered charities will be eligible for a wage subsidy. The subsidy will be equal to 10% of the remuneration payable during an as-yet unidentified three month period, to a maximum of \$1,375 per employee or \$25,000 per employer. In order to permit eligible employers to benefit from this subsidy before enabling legislation is enacted, the CRA will reduce remittances of income tax from employees’ payroll withholdings.

### Deferral of Income Tax Payments

The CRA will allow the deferral of income tax amounts that become payable between March 18, 2020 and August 31, 2020 until after August 31, 2020. This deferral applies to Part I income tax balances due and instalments. No penalties or interest will accrue on deferred amounts during the deferral period. This measure will apply to both individuals (including trusts) and corporations.

### **Administrative Relief for Corporations**

As a temporary administrative measure, the CRA will accept electronic signatures on Form T183CORP in order to avoid in-person meetings with tax preparers.

The CRA will not initiate any income tax or GST/HST audits for small or medium enterprises for the four week period commencing March 18, 2020. In addition, the CRA will also temporarily suspend audit interaction with most corporations and their representatives. No indication has been provided as to when audit interaction will resume.

### **Upcoming Developments**

Several provinces have announced economic measures during the last week, and we expect that Alberta and Saskatchewan will follow suit in the coming days.

We know that these are trying times for our clients, their employees and their families. We hope that you and your loved ones stay safe and healthy in the days and weeks ahead. Although tax may not be top of mind right now, any of our Felesky Flynn LLP lawyers would be pleased to discuss these measures or other tax concerns when you are ready.