



GMS Flash Alert

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Canada - Waiver of Certain Interest and Late-Filing Penalties; Quebec Offers Similar Relief

The Canada Revenue Agency (CRA)¹ and Revenu Québec² have indicated that they will not assess interest or late-filing penalties for taxpayers who file their income tax returns (T1) and pay their taxes owing by September 1, 2020.

Before these announcements, individual tax returns had to be submitted by June 1, 2020, to avoid interest and penalties. (For prior coverage, see GMS [Flash Alert 2020-099](#), March 23, 2020.)

For more information, including the deadlines related to trusts, see "[COVID-19 — New Tax Filing Extensions and Relief](#)," in *TaxNewsFlash-Canada* (May 31, 2020, Issue 2020-51), a publication of the KPMG International member firm in Canada.

WHY THIS MATTERS

The extended deadlines for making tax payments and the waiver of certain late-filing/-payment penalties should help taxpayers preserve their cash-flow, reduce anxiety about potential penalties, and provide additional time to organize their tax affairs and meet their compliance obligations in this difficult period.

Background

In response to COVID-19, Canada made a series of announcements to enact targeted fiscal and tax relief to support individuals and businesses. Previously, the CRA announced that it would delay tax filing deadlines for individuals's T1

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returns to June 1, 2020 (from April 30, 2020) and for trusts with a December 31, 2019 tax year-end, to May 1, 2020 (from March 30, 2020). The CRA also extended tax payment deadlines, so that all taxpayers that owe income tax balances and income tax instalments under Part I of the *Income Tax Act* on or after March 18, 2020 and before September 2020 have until September 1, 2020, to remit these amounts (see *TaxNewsFlash-Canada* 2020-14, "[COVID-19 — Tax Deadline Delay and More Relief Announced](#)" and, in French, "[COVID-19: Mesures d'Aide Fédérales](#)," published by the KPMG International member firm in Canada).

Personal Tax Return Deadline Reminder

There are no changes to the filing deadline for 2019 personal tax returns, which was previously extended to June 1, 2020. There have also been no changes to the June 15, 2020 filing deadline for self-employed individuals and their spouses.

Late Filing Penalty Relief for Individuals

Interest and Penalty Relief

The CRA announced it will not assess interest and penalties (including late-filing penalties) for individuals who have filed their tax returns and paid their related taxes by September 1, 2020. The CRA will similarly waive penalties or applicable interest related to Form T1135, "Foreign Income Verification Statement," and any elections, forms, and schedules that must be filed with the return, provided they are filed by September 1, 2020.

Québec — Personal Tax Return Deadline Reminder and Relief

Like the CRA, Revenu Québec has not announced an additional extension to the filing deadline for 2019 personal tax returns, which continues to be June 1, 2020 (June 15, 2020 for self-employed individuals and their spouses). However, Revenu Québec has clarified that because the deadline for payment of taxes has been extended to September 1, 2020, taxpayers will not be charged a late-filing penalty if their returns are filed by September 1, 2020.

KPMG NOTE

The CRA has stated that the filing deadline has not changed because the information in the personal income tax returns in 2019 is used to calculate 2020 tax benefit payments.

Although the CRA has indicated that it will not assess a late-filing penalty if an individual files his or her personal tax return and pays the taxes owing by September 1, 2020, it is not clear how this position applies if there is a subsequent reassessment of taxes (such that it is higher than that paid by the September 1, 2020 deadline). Further, if an individual is unable to pay his or her taxes by the September 1, 2020 deadline, but files his or her tax return after June 1, 2020, it is not clear whether the individual may still be subject to a late-filing penalty.

FOOTNOTES:

- 1 For further information, see this [webpage](#) of the Canada Revenue Agency.
- 2 For further information, in English, see this [webpage](#) of Revenu Québec, and this [one](#), in French.

Contact us

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