



COVID-19: Federal Corporate/Business Income Tax Measures

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Listed below are some of the corporate income tax measures recently announced by the federal government to mitigate the impact of COVID-19 on Canadian businesses and the administration of tax in Canada.

Administration

On May 25, 2020, the CRA announced it will allow all businesses to defer T2 corporation income tax returns otherwise due in June, July, or August, to September 1, 2020. This extension applies for all purposes, including forms T106, T1135, and any elections, forms, and schedules that must be filed with the corporate return.

The deadline for partnership information returns is extended to May 1, 2020. The deadline

is extended to September 1 for partnerships that normally have a filing deadline on May 31, or in June, July, or August 2020.

The filing dates for 2019 information returns under Part XVIII and Part XIX of the *Income Tax Act* are extended to September 1, 2020. Usually, the Part XVIII Information Return (slips and summary) and the Part XIX Information Return (slips and summary) must be filed by May 1 following the calendar year to which the information return applies.

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.

The CRA asks that you file your clients' income tax and benefit returns electronically by June 1, 2020, to make sure their benefits and credits are not interrupted.

During the COVID-19 pandemic, the CRA is continuing to review international waivers (Regulation 102, Regulation 105, and RC473, *Non-Resident Employer*

Certification); however, processing times may be longer than usual.

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. Taxpayers can still submit their requests and information by mail or fax, but there may be delays in processing. If the situation is, or becomes, urgent, call 1-800-959-8281 or contact CRA by email (see below). If you have already sent CRA your documents, it is continuing to process these requests, but there may be delays. If your situation is urgent, send an email to the CRA at NRWAIVERSG@cra-arc.gc.ca (for international waivers). To submit documents, send 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 comfort letters and enquiries on previously submitted requests; and
- NRWAIVERSG@cra-arc.gc.ca — for international waivers 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.

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.

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.

For the time being, no new Scientific Research and Experimental Development Program reviews/audits will be started and existing reviews/audits will be completed as soon as possible so that businesses have access to their

credits faster. Most refundable claims will be processed as soon as possible with minimal burden on the claimant. Claims accepted at this time may be subject to review/audit at a future date to ensure eligibility.

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. Timelines 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.