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Global Tax Alert

News from EY Americas Tax

Canada Revenue Agency releases update on personal tax return filing deadline

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On 22 and 25 May 2020, the Canada Revenue Agency (CRA) released an update on the personal tax return (T1) filing deadline and the application of late-filing penalties. In particular, the CRA has announced that late-filing penalties will not apply to any 2019 T1 return filed by 1 September 2020, provided the related tax balance is also paid by 1 September 2020.

The CRA also announced that the filing deadline for corporate and trust income tax returns due in June, July and August 2020 will be extended to 1 September 2020. We are awaiting further clarification on the application of late-filing penalties for corporations and trusts and will provide an update once clarification is obtained.

Late-filing penalty relief

While the 1 June and 15 June 2020 filing deadlines for the 2019 T1 return for individuals (other than trusts) and self-employed individuals and their spouse or common-law partner, respectively, remain unchanged, late-filing penalties and interest will not be charged if the T1 return is filed and payments are made by 1 September 2020. The CRA has also confirmed that this administrative measure applies to Form T1135, *Foreign Income Verification Statement*, and to any other forms tied to the T1 filing deadline.

The CRA is encouraging individuals to file their T1 return by the respective deadlines to ensure accurate federal and provincial benefit payments. Entitlement to these benefit payments will otherwise be calculated until September 2020 on the basis of the 2018 tax return and will be adjusted, if necessary, once the individual's 2019 return is assessed.

Quebec

On 20 May 2020, Quebec had announced similar late-filing penalty relief. Individuals will thus not be charged a late-filing penalty if the Quebec TP-1 income tax return is filed and payments are made by 1 September 2020.

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