

The Tax Season That Never Ends (Version May 25, 2020)

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The Canadian personal tax season was nearly complete. Accountants all over Canada were working overtime to prepare 2019 T1 returns for clients to meet the extended filing deadline of June 1, 2020 (even though the tax payment deadline was extended to September 1, 2020, the return still had to be filed by June 1). Then the Canada Revenue Agency (“CRA”) threw a few more curveballs and announced another two sets of filing deadline extensions!

The [update](#) provides that the T1 personal tax return filing deadline is still June 1, 2020, but the CRA will not assess late filing penalties or interest if the return is filed by September 1, 2020. That is a rather odd way of mandating returns to be filed timely (by June 1). It is like if you were told the speed limit on a road is 50km/hr, but the police will not issue tickets unless you were going faster than 80km/hr, what speed would you go? For many, that would be 80km/hr.

This is effectively what the CRA has done, stating that individuals are encouraged to file by the deadline as it may minimize impacts to their benefit and credit payments (and for those who want a refund). The CRA’s exact statement is as follows:

You will not be charged late-filing penalties or interest if your 2019 individual (T1) income tax returns are filed, and payments are made prior to September 1, 2020. However, we are preserving the June 1 filing deadline for T1 individuals, and the June 15 filing deadline for T1 self-employed individuals (sole proprietors), in **order to encourage filing returns in time to accurately calculate benefits, which rely on 2019 tax returns for entitlement calculation.** (emphasis added)

For those who are not receiving income-tested benefits, e.g. old age security, GST credits, etc., there is now no incentive to file 2019 T1 personal tax returns by June 1, 2020. These individuals effectively have an extension until September 1, 2020 to file their personal tax returns, in addition to the deferral to pay the tax owing on September 1, 2020. This “extension” also applies to information returns, elections, and designations that would otherwise have to be filed by June 1, 2020 since no penalties and interest will be applied if these are filed by September 1, 2020.

The update to the never-ending tax season also provided further extensions with respect to corporations and trusts. For corporations with a calendar year end, the 2019 filing deadline was coming up – June 30, 2020. With the new update, for corporations that would have otherwise had a filing deadline in June, July, or August 2020 (i.e. for those corporations with fiscal year ending between December 1, 2019 and February 28, 2020), they now have until September 1, 2020 to file their T2 Corporate Tax Return.

Lastly, the CRA also provided an extension on Trust returns that would otherwise have a filing due date

in June, July, or August 2020. We do not anticipate this will impact many Trusts, as most Trusts have a calendar year end, which the previously extended deadline of May 1, 2020 has already passed. This extended relief primarily benefits graduated rate estates, which may have an off-calendar year end.

To summarize, the old and revised tax deadlines are as follows:

Type of Return	Old Deadline	Revised Deadline
2019 Personal Income Tax Return	June 1, 2020	June 1, 2020, however, no penalties or interest will apply if filed by September 1, 2020
Corporations with a filing deadline between March 18- June 1, 2020	June 1, 2020	June 1, 2020 (no change)
Corporations with a filing deadline in June, July, or August 2020	June, July, or August	September 1, 2020
Trusts with a calendar year end	May 1, 2020	May 1, 2020 (no change, filing deadline has passed)
Trusts with a filing deadline in June, July, or August 2020	June, July, or August 2020	September 1, 2020

For accountants, this means a further extended tax season and putting in overtime throughout the summer. While this may seem trivial, the summer season is usually when our accountant friends work on value-added planning for their clients. This year, it will be important for accountants to not lose sight of these planning services even if tax return preparation is dragged out to make this the longest “[Groundhog Day](#)” tax season in history!