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Tax Alert – Canada

Federal Economic Response Plan: additional tax administration measures

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

On 17 April 2020, the Canada Revenue Agency (CRA) released an update on measures concerning tax administration. This update follows on the measures announced 26 March 2020 and those announced in the government's Economic Response Plan, which was released on 18 March 2020 (see EY Tax Alert 2020 Issues [No. 15](#), [No. 20](#) and [No. 25](#) for more information).

Details are included in this [stakeholder email](#).

Filing deadline extensions

The CRA's update confirms the following filing deadline extensions:

- ▶ **Part XVIII (Enhanced International Information Reporting) and XIX (Common Reporting Standard) Information Returns** - Filers will be allowed to defer, without penalties or interest, the filing of required information returns until 1 September 2020. In addition, no penalty will apply for any failure to obtain a self-certification on financial accounts opened before 1 January 2021.
- ▶ **Requests for transfer pricing documentation** - Requests for contemporaneous transfer pricing documentation made prior to 1 April 2020 having a deadline of 18 March 2020 or later will be considered cancelled and will be reissued at a later date, providing the maximum amount of three months to submit the documentation.

Other administrative measures

Recent CRA updates also confirm and clarify the following administrative measures:

- ▶ **Audits** - The CRA will generally not start new audits or ask taxpayers currently under audit for information until further notice.
- ▶ **Reassessments** - Audits will only be finalized and reassessments issued in exceptional circumstances, such as where there is an impending statute-barred date or where requested by a taxpayer. Reassessments may be forestalled by taxpayers providing a waiver – except where the proposed reassessment is due to a treaty-specified time limit.
- ▶ **Objections and appeals** - For objections due on or after 18 March 2020, the deadline is extended until 30 June 2020. Any objections related to Canadian taxpayers' entitlement to benefits, credits, Goods and Services Tax (GST)/Harmonized Sales Tax (HST) refund claims, and Scientific Research & Experimental Development (SR&ED) claims have been identified by the CRA as a critical service that will continue to be delivered during this time. With respect to objections related to other tax matters filed by individuals and businesses, the CRA is currently holding these accounts in abeyance. The Canada Pension Plan (CPP)/Employment Insurance (EI) appeals program is currently only actioning appeals that are related to cases where EI benefits are pending. All other CPP/EI appeals will be actioned when normal services resume.
- ▶ **Requirements for information** - Taxpayers who have received requirements for information can (generally) defer acting on the requirement until further notice.
- ▶ **Collections** - Collections activities on new debts will be suspended until further notice, and flexible payment arrangements will be available. Banks and employers do not need to comply or remit on existing requirement-to-pay orders until further notice.
- ▶ **SR&ED claims** - Reviews currently in progress will be expedited – most refundable claims will be processed as soon as possible. No new reviews will be started for the time being.
- ▶ **Service** - The CRA is transitioning its Liaison Officer service for small businesses to a phone-only service. The CRA is also piloting a chatbot service called “Charlie”.
- ▶ **GST/HST credits** - The GST/HST Refund Integrity Program will continue operating to ensure that GST/HST credits are not unnecessarily delayed.

Learn more

For more information, please contact your EY advisor.

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