

COVID-19 Tax Update

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The CRA is offering flexibility in audits, appeals and collections in wake of COVID-19 outbreak and the Tax Court of Canada, Federal Court and Supreme Court have pushed back deadlines.

Direct financial support and tax flexibility measures were brought in to law by the Canadian federal government on March 25, 2020, under the [COVID-19 Emergency Response Act](#). In relation to these measures, it is important to note the following information with respect to Canada Revenue Agency (“CRA”) objections & appeals, audits, and collections:

Objections and Appeals

- On March 16, 2020, the Tax Court of Canada (“TCC”) made an order [extending all timelines](#) prescribed under the TCC rules until March 30, 2020.
- Objections related to benefit and credit entitlements will continue to be delivered during the outbreak – [CRA suggests that there should not be any processing delays](#).
- Objections related to other tax matters, that have been filed by either individuals or businesses, will currently be put on hold with [no further action taking during this time](#).

Audits

- [The CRA will not contact any small or medium \(“SME”\) businesses to initiate any post assessment GST/HST or Income Tax audits for the next four weeks](#).
- Audit interaction will temporarily be suspended except for cases where the legal deadline to reassess a tax return is approaching; and
- high risk GST/HST refund claims may also prompt interaction with a taxpayer.

Collections

- All collection activity in relation to new debts is suspended [until further notice](#). Flexible payment arrangements will be made available.
- [Taxpayers may submit a request](#) using [Form RC4288, Request for Taxpayer Relief](#) to cancel interest and penalties if they are prevented from:
 - making a payment when due;
 - complying with a tax obligation due to circumstances beyond their control; or
 - filing a return on time.
- On a case-by-case basis, [payment arrangements](#) will be made available if you are unable to pay:

- your taxes;
- Canada Student Loans;
- child and family benefit payments; or
- other government program overpayments.
- Pre-existing situations will also be addressed on a case-by-case basis with regard to [reducing financial hardship](#).

In Addition to the CRA flexibility measures undertaken during these times, both the Federal Court and the Supreme Court of Canada have modified deadlines and put in place other flexibility measures.

Federal Court

- All Federal Court hearings to be heard between now and April 17, 2020 (the “**Suspension Period**”) are [adjourned sine die](#) (without assigning a further hearing); and
- All General Sittings within the Suspension Period [have been cancelled](#) and all matters made returnable at a General Sitting during the Suspension Period [will be placed on the roll of the first General Sittings that is scheduled to be held at least two weeks after the end of the Suspension Period, for that city](#).

The federal court has listed the following exceptions to the provisions noted above:

- Urgent matters; and
- Matters that must proceed due to exceptional reasons.

In this regard, [the Court will determine what constitutes “urgent” and “exceptional” on a case-by-case basis](#). Matters to which delay is likely to cause hardship or substantial financial consequences may be considered “urgent” or “exceptional.”

Rescheduling

- Parties are prompted to provide the Judicial Administrator with dates of non-availability, in respect of the rescheduling of adjourned hearings, between [May 1, 2020 and May 15, 2020](#).

Timeline Suspensions

- [The running of all timelines under Orders and Directions of the Court made prior to March 18, 2020, as well as under the Federal Courts Rules, subsection 18.1\(2\) of the Federal Courts Act and paragraph 72\(2\)\(c\) of the Immigration and Refugee Protection Act, is being suspended for the Suspension Period](#); and
- Aside from the above, all other statutory deadlines apply. Parties are able to request an extension of time for deadlines if they are unable to meet the specific filing deadline.

Supreme Court of Canada (“SCC”)

The SCC has released the following directions:

- Cases scheduled for hearing in March, April, and May are adjourned to the [month of June 2020](#);
- [Deadlines that are imposed by the Rules of the Supreme Court of Canada are suspended until further notice. Deadlines that are imposed by statute, including section 40 of the Supreme Court Act, remain in force](#);
- Judgements with respect to applications for leave will continue to be released; and

- Court documents must be filed by email, for the time being.

The author would like to acknowledge and thank articling student Antoine Killin for his contributions to this article.

The information contained in this article is intended to provide information and comment, in a general fashion, about recent cases and related practice points of interest. The information and views expressed are not intended to provide legal advice. For specific legal advice, please contact us.