

CRA Clarifies Some SR&ED Filing Deadlines Extended for COVID

- Substantial extensions for some tax years

On 26-Nov-2020 the CRA issued an update to its SR&ED Filing Requirements Policy that fully explains how the tax filing deadline extensions set out by the Ministerial Order under the Time Limits and Other Periods Act COVID-19 (“TLOPA”) apply to SR&ED. Although the policy updates cover all forms of business structures (including corporations, partnerships, trusts and individuals), our comments here apply only to deadlines for corporations; check Appendix A of the policy for the rules applicable to others.

The general intent of the extensions is to allow extra time on filing deadlines that fell in the timeframe in which (as of now) COVID exerted the most detrimental impact (i.e. March 2020 to December 2020).

The most significant aspect of this is that for corporations having tax year ends from 1-Jan-2019 to 29-Jun-2019, the normal SR&ED filing deadline of 18 months after year-end filing is extended to 31-Dec-2020, which can be a SUBSTANTIAL extension. For example for a corporation with a TYE of 31-May-2019, the extended filing deadline is 31-Dec-2020 instead of 30-Nov-2020. Similarly for a corporation with a TYE of 31-Mar-2019, the extended deadline is 31-Dec-2020 instead of 30-Sep-2020.

The new policy also clarifies the 30th vs. 31st anomaly with the statement: *“When the SR&ED reporting deadline would be on the last day of the month, the extension is to the last day of the sixth month or December 31, 2020, if sooner.”*

Using this interpretation, corps with TYEs 13-Sep-2018 to 31-Dec-2018, (for which the deadlines are EACH extended by “exactly six months”) the deadlines become 13-Sep-2020 through to 31-Dec-2020. For example, for a corporation with TYE 31-Oct-2018 the extended filing deadline is 31-Oct-2020 vs. 30-Oct-2020, as would be expected from the strictly legal definition of “exactly six months”.

Note that as of now there is NO EXTENSION to the SR&ED filing deadline for corporations with TYEs after 29-Jun-2019; this means that for TYEs 30-Jun-2019 and later, the normal 18 month filing deadline applies.

Learn More

Here is a link to the updated policy:

<https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/filing-requirements-policy.html#tooc>

According to CRA's website the normal (non-extended) deadlines for the filing of corporate tax returns are:

File your return no later than six months after the end of each tax year. The tax year of a corporation is its fiscal period.

When the corporation's tax year ends on the last day of a month, file the return by the last day of the sixth month after the end of the tax year.

When the last day of the tax year is not the last day of a month, file the return by the same day of the sixth month after the end of the tax year.

When the T2 filing deadline falls on a Saturday, Sunday, or public holiday recognized by the CRA, we will consider the return filed on time if it is sent on the first business day after the filing deadline.

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While we normally work in concert with our client's existing accountants, our affiliated tax-dedicated chartered public accounting firm - Cadesky Tax - is an expert resource for advice on any taxation matter such as may arise either during the planning and preparation of your claim or while dealing with CRA afterwards.

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DIRECTORS:

David R. Hearn, Managing Director
Michael C. Cadesky, FCPA FCA BSc MBA

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Scitax Advisory Partners LP

Exchange Tower, 130 King Street West, Suite 2300, PO Box 233, Toronto ON M5X 1C8 | 416-350-1214
| www.scitax.com

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