

REMINDER OF THE JUNE 30, 2020, DUE DATE FOR REMITTING GST/HST AND QST

As a reminder, last March, the governments of Canada and Quebec announced that the deadline for the payment of the GST/HST and the QST returns to be filed within the period starting March 27 and ending May 31, 2020 was extended to June 30, 2020. The tax authorities have also announced that no interest or penalties will be applied to the extent that the payments are made on or before June 30, 2020.

For example, monthly filers will have to remit the amounts collected for the reporting periods of February, March, April and May 2020 by June 30, 2020.

If the amounts collected for these periods are not remitted by June 30, 2020 at the latest, taxpayers will be charged interest at the prescribed rates on any GST/HST and QST balance due as of July 1, 2020, as well as a late payment penalty of a maximum of 15% on any unpaid QST balance.

As the June 30th deadline is fast approaching, we encourage our clients to be diligent and ensure to have sufficient liquidity to meet their sales tax obligations in order to avoid the application of a significant penalty and interest by the tax authorities.

We would like to point out that given that the GST/HST and QST collected by suppliers are collected as an agent for and on behalf of the governments, the tax authorities have, by law, very extensive powers to recover unpaid amounts in the event of non-payment of the amounts due.

Amongst others, to the extent that a company finds itself unable to make its GST/HST and QST payments, the company's directors could be held personally responsible for paying the amounts due including the interest and penalties imposed. This would particularly be the case if a company declared bankruptcy when sums remained unpaid on account of GST/HST and QST. It should be noted, however, that the directors have defense mechanisms against such liabilities. Indeed, their responsibility is not absolute and certain exceptions exist, including the fact of having acted with a degree of care, diligence and skill reasonable in the circumstances. Whether any of these exceptions apply to a specific situation is a question of fact.

With the exceptional context arising from the COVID-19 situation, and although the tax authorities have allowed a deferral of the payment of the GST/HST and QST collected, we recommend that the directors exercise great caution if the financial situation of the company is precarious and if significant amounts of GST/HST and QST were collected, but not remitted. We remain available to advise you as required.

Note that to date, the tax authorities have not announced any additional payment deferral or relief of interest or penalties for either the GST/HST or QST.

We will keep you informed of any additional measures to be announced by the tax authorities in this regard in the future.