

Tax compliance obligations with the Canada Revenue Agency (CRA) are becoming more complex than ever before. Please find below common Canadian income tax returns, as well as an outline as to who needs to file, filing deadlines, and potential penalties for filing late.

Income Tax Returns			
Type of Tax Return	Who is Required to File?	Filing Deadline ¹	Late-Filing Penalty
T1 Income Tax and Benefit Return	<ul style="list-style-type: none"> An individual resident in Canada Individual non-residents of Canada² 	<ul style="list-style-type: none"> April 30 of the year following the calendar year. Taxpayers and their spouses/common-law partners reporting self-employment income have until June 15 of the year following the calendar year. Any tax balance owing must be paid by April 30 to avoid interest charges. For deceased taxpayers, the filing and tax payment deadline is either April 30/June 15 (self-employed income) of the following calendar year or 6 months following death - whichever is later. 	<ul style="list-style-type: none"> 5% of the tax owing, plus an additional 1% for each month after the due date, to a maximum of 12 months. If CRA assessed a late-filing penalty relating to any of the three previous year's tax returns, the late-filing penalty is increased to 10% of the balance owing, plus an additional 2% for each month after the due date, to a maximum of 20 months.
T2 Corporation Income Tax Return	<ul style="list-style-type: none"> A corporation resident in Canada Non-resident corporations³ 	<ul style="list-style-type: none"> Six months after the corporation's fiscal year end. For example, if a corporation's fiscal year end is March 31, the filing due date would be September 30. Any tax balance owing must be paid two or three months after the fiscal year end, depending upon the type of corporation, to avoid interest charges. 	<ul style="list-style-type: none"> 5% of the tax owing, plus an additional 1% for each month after the due date, to a maximum of 12 months. If CRA assessed a late-filing penalty relating to any of the three previous year's tax returns, the late-filing penalty is increased to 10% of the balance owing, plus an additional 2% for each month after the due date, to a maximum of 20 months.
T3 Trust Income Tax and Information Return	<ul style="list-style-type: none"> A trust resident in Canada Consider "central management and control" and residency of the trust's trustee(s) Common examples include Discretionary Family Trusts, Alter-ego Trusts, Spousal Trusts, Testamentary Trusts, Henson Trust, Qualified Disability Trusts, Graduated Rate Estates (GRE) and Bare Trusts.⁴ 	<ul style="list-style-type: none"> 90 days following the trust's fiscal year end. Most trusts have December 31 year ends; thus, the filing deadline would be March 31 (March 30 in a leap year). GREs are permitted to have non-calendar year ends. In such instances, the filing deadline is 90 days following its fiscal year end. 	<ul style="list-style-type: none"> 5% of the tax owing, plus an additional 1% for each month after the due date, to a maximum of 12 months. If CRA assessed a late-filing penalty relating to any of the three previous year's tax returns, the late-filing penalty is increased to 10% of the balance owing, plus an additional 2% for each month after the due date, to a maximum of 20 months. Where the trust does not have a tax liability, it may also be subject to an additional late-filing penalty of \$25/day, for a minimum of \$100 to a maximum of \$2,500.

¹ Where a filing due date falls on a Saturday, Sunday, or public holiday recognized by CRA, the return is considered filed on time if the CRA receives it or if it is postmarked on or before the next business day.

² Where a non-resident individual earns employment income in Canada, carries on a business in Canada, or receives income from or disposes of taxable Canadian property.

³ Where a non-resident corporation carries on a business in Canada, or receives income from or disposes of taxable Canadian property.

⁴ CRA announced on March 28, 2024 that it will not require bare trusts to file T3 returns for the 2023 tax year, unless specifically requested.

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