

Quarterly Financial Report

For the quarter ended September 30, 2025

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Catalogue No. Rv2-4E-PDF

ISSN 2819-4543



Canada Revenue
Agency

Agence du revenu
du Canada

Canada

Statement outlining results, risks and significant changes in operations, personnel and program

Introduction

This quarterly financial report has been prepared by management as required by section 65.1 of the *Financial Administration Act* in the form and manner prescribed by the Treasury Board. This report should be read in conjunction with the [Main Estimates](#).

Further details on the Canada Revenue Agency's (CRA) program activities can be found in the [Departmental Plan](#).

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the CRA's spending authorities granted by Parliament and those used by the CRA consistent with the Main Estimates for the 2025-2026 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation of statutory spending authority for specific purposes.

The CRA uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental performance reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

This quarterly report has not been subject to an external audit or review.

Highlights of the fiscal year-to-date (YTD) results

Figure 1 below reflects the CRA's annual net authorities available for use, as well as the CRA's YTD expenditures as at September 30, 2025.

The CRA's annual net authorities have decreased significantly, primarily in statutory authorities, due to the removal of the funding for the distribution of the federal fuel charge effective April 1, 2025. YTD expenditures have also decreased, due to both statutory payments and operating costs. Further analysis of authorities and expenditures is presented below.

Annual net authorities and Q2 YTD expenditures as at September 30, 2025

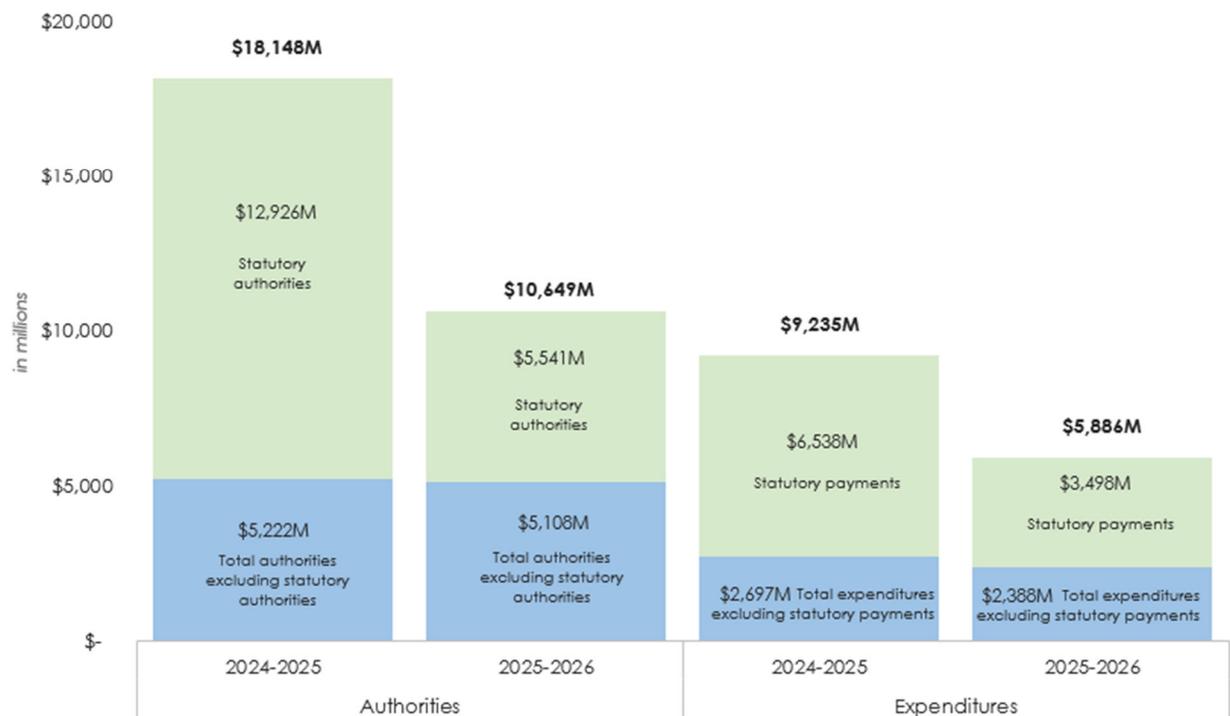


Figure 1: Annual net authorities against YTD expenditures as at September 30, 2025.

Note 1: Refer to the Statement of Authorities, at the end of the report, for details of the specific items included in the statutory authorities.

Year-over-year (YOY) analysis of authorities

This report reflects the results for the current fiscal year in relation to the Main Estimates and authorities available for use from the prior fiscal year. The current year authorities do not include the funding from the recently tabled Supplementary Estimates (B) or the funding decisions from the 2025 federal budget. As shown in the summarized table below, the CRA's total Budgetary Authorities have decreased by **\$7,499M (\$7.5B)** since the second quarter of 2024-2025, from **\$18,148M (\$18.1B)** in 2024-2025, to **\$10,649M (\$10.6B)** in 2025-2026.

Summarized Statement of Authorities (unaudited)

<i>(in millions of dollars)</i>	Total available for use for the year ending March 31, 2026	Total available for use for the year ending March 31, 2025	Variance in budgetary authorities
Budgetary Statutory Authorities	\$5,541M	\$12,926M	(\$7,385M)
The decrease in Budgetary Statutory Authorities is largely due to the removal of the funding for the distribution of the federal fuel charge effective April 1, 2025. One final fuel charge payment was issued.			(\$7,460M)
Gross Vote 1 – Operating Authorities	\$5,462M	\$5,565M	(\$103M)
The decrease in Gross Vote 1 Operating Authorities is primarily related to the following: <ul style="list-style-type: none"> Decrease in authorities available for use from the prior fiscal year Decrease due to the ramp up of Refocusing Government Spending reductions announced in the 2023 federal budget Increase related to the 2022 federal budget measure to continue work on fighting tax evasion and strengthening tax compliance Increase related to current year increments of the latest collective agreements, primarily for the Professional Institute of the Public Service of Canada and Public Service Alliance of Canada groups Increase related to funding announced in the 2024 federal budget, primarily to maintain quality contact centre services and for the retroactive payments for the Canada Carbon Rebate (CCR) for small businesses 			(\$309M) (\$30M) \$10M \$60M \$170M
Vote 5 – Capital Authorities	\$136M	\$143M	(\$7M)
The decrease in Vote 5 Capital Authorities is primarily related to the following: <ul style="list-style-type: none"> Decrease in the vote realignment from the operating vote Decrease related to the 2021 federal budget measure; Goods and Services Tax/Harmonized Sales Tax (GST/HST) Agile Risk Assessment Decrease related to a previous federal budget measure; Protecting Taxpayer Information Increase in authorities available for use from the prior fiscal year 			(\$20M) (\$2M) (\$1M) \$15M
Revenue Credited to the Vote (RCV)	(\$490M)	(\$486M)	(\$4M)
The increase in RCV is primarily related to the current year increments associated with the latest collective agreements and the Canada Pension Plan Enhancement			
Total Budgetary Authorities	\$10,649M (\$10.6B)	\$18,148M (\$18.1B)	(\$7,499M) (\$7.5B)

YOY analysis of expenditures

The YTD second quarter expenditures as at September 30, 2025 have decreased by **\$3,349M (\$3.3B)**, from **\$9,235M (\$9.2B)** in 2024-2025 to **\$5,886M (\$5.9B)** in 2025-2026, as displayed in the Statement of Authorities. The material components of this YOY change are explained below by vote and standard object.

Summarized Statement of Authorities (unaudited)

<i>(in millions of dollars)</i>	YTD expenditures at September 30, 2025	YTD expenditures at September 30, 2024	Variance in YTD expenditures
Budgetary Statutory Authorities	\$3,498M	\$6,538M	(\$3,040M)
The majority of the decrease in Budgetary Statutory Authorities is primarily related to reductions in fuel charge payments issued, as a result of the removal of the funding for the distribution of the federal fuel charge effective April 1, 2025.			(\$3,128M)
Net Vote 1 – Operating Expenditures	\$2,361M	\$2,661M	(\$300M)
The decrease in Net Vote 1 Operating Expenditures is primarily related to variances in the following standard objects.			
The Personnel standard object:			
<ul style="list-style-type: none"> Decrease in salaries resulting from mitigation measures implemented in the prior and current year in an effort to reduce the CRA's operating expenditures 			(\$203M)
<ul style="list-style-type: none"> Decrease in expenditures related to overtime worked 			(\$8M)
The Professional and special services standard object:			
<ul style="list-style-type: none"> Decrease in IT consultants due to an active effort to meet the government's spending reduction commitments 			(\$11M)
<ul style="list-style-type: none"> Decrease in IT services from Shared Services Canada (SSC) due to the timing of billing 			(\$10M)
<ul style="list-style-type: none"> Decrease in seminar course fees due to the emphasis on leveraging virtual options 			(\$3M)
The Acquisition of machinery and equipment standard object:			
<ul style="list-style-type: none"> Decrease in computer software expenses related to Microsoft 365, which is now paid via an ongoing budget transfer to SSC 			(\$15M)
The Rentals standard object:			
<ul style="list-style-type: none"> The decrease is primarily due to the reduction in the CRA's real property footprint, provided by Public Services and Procurement Canada (PSPC) 			(\$12M)
The Purchased Repair and Maintenance standard object:			
<ul style="list-style-type: none"> The decrease is primarily due to reduced investment from PSPC for real property fit-ups, as a result of the application of minimum viable product standards 			(\$7M)
Vote 5 – Capital Expenditures	\$27M	\$36M	(\$9M)
The decrease in Vote 5 Capital Expenditures is primarily related to the completion of major project investments.			
Total Budgetary Authorities	\$5,886M (\$5.9B)	\$9,235M (\$9.2B)	(\$3,349M) (\$3.3B)

Risks and uncertainties

The CRA is a world-class tax and benefits administration that is trusted, fair, and helpful by putting people first. As such, the CRA continually monitors its internal and external environments for events that could affect whether it achieves its strategic priorities and objectives. The Audit, Finance and Risk Committee of the CRA's Board of Management and CRA senior management receive quarterly updates on the CRA's Corporate Risk Profile (CRP), which contains information of the changing risk landscape of the entire risk portfolio. Given the observed shifts in the financial environment, the Financial Management risk has been elevated to an enterprise-level risk. A discussion on CRA's key risks and mitigation strategies are outlined in the [2025-2026 Departmental Plan](#).

The CRA recognizes that all of the key risks identified in the Departmental Plan could have financial impacts should they materialize. The key risks and associated mitigation strategies outlined in the Departmental Plan relate to the CRA's 2025-2026 strategic priorities, which include the following:

- Deliver high quality services
- Ensure the fairness of the tax system
- Transform digitally
- Nurture a high-performing and diverse workforce in a modern, flexible, inclusive, and accessible workplace

Significant changes in relation to operations, personnel, and programs

Since the first quarter, the CRA has launched a 100-day Service Improvement Plan, which is focused on four principal areas:

1. Increasing contact centre capacity
2. Expanding digital self-service options
3. Addressing the root causes of service issues
4. Accelerating service modernization

The 100-day Service Improvement Plan has resulted in significant changes to operations, personnel, and programs, as it has necessitated additional investment for the renewal and rehiring of contact centre agents to increase capacity as well as internal reallocations of resources to work on the above-mentioned priorities.

The CRA has faced many uncertainties this fiscal year, as it navigates a period of increased demands and fiscal constraint. Spending reductions and the emphasis on fiscal prudence continue to be central themes this year. The winding down of funding associated with post-pandemic support, the ending of select funding and the government-wide savings initiatives have contributed to reducing the CRA's authorities.

The CRA continues to contribute to the government's priority of Responsible Government Spending by reducing discretionary spending on travel, professional services, and other operating expenditures. The CRA has been proactive in advancing its financial plans, while ensuring its long-term financial viability. These plans have necessitated the commencement of workforce adjustment actions as well as a recalibration of the temporary workforce.

The CRA's goal, throughout the financial planning process, has been to minimize the impact on employees, core business, and service to Canadians, while ensuring the ability to operate within its allotted authorities is assured.

Approval by Senior Officials

Approved by:



Bob Hamilton, Commissioner



Hugo Pagé, Chief Financial Officer

Ottawa, Canada

Date: [November 25, 2025](#)

CANADA REVENUE AGENCY
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STATEMENT OF AUTHORITIES (unaudited)

	Fiscal year 2025-2026			Fiscal year 2024-2025		
	Total available for use for the year ending March 31, 2026 ¹	Used during the quarter ended September 30, 2025	Year to date used at quarter-end	Total available for use for the year ending March 31, 2025 ¹	Used during the quarter ended September 30, 2024	Year to date used at quarter-end
<i>(in thousands of dollars)</i>						
Vote 1 - Operating expenditures						
Gross Operating expenditures	5 462 166	1 255 123	2 603 620	5 565 191	1 374 623	2 906 851
Revenues netted against expenditures	(489 859)	(121 425)	(242 850)	(485 700)	(122 991)	(245 982)
Net Vote 1 - Operating expenditures	4 972 307	1 133 698	2 360 770	5 079 491	1 251 632	2 660 869
Vote 5 - Capital expenditures	135 712	15 283	27 429	143 423	21 645	36 295
Budgetary Statutory Authorities						
Contributions to employee benefit plans	661 636	165 409	330 818	569 177	142 136	284 273
Children's Special Allowance payments (<i>Children's Special Allowances Act</i>)	423 000	112 456	221 304	396 000	110 037	212 224
Canada Carbon Rebate payments	3 522 000	221 497	2 540 853	11 358 000	3 099 186	5 799 953
Spending of revenues received through the conduct of its operations pursuant to section 60 of the <i>Canada Revenue Agency Act</i>	293 913	125 389	138 234	338 773	87 672	107 191
Distribution of Fuel Charges - Provinces and Territories	17 000	1 219	22 042	60 000	10 425	18 074
Distribution of Fuel Charges - Farming Businesses	-	37 295	131 645	203 500	30 176	115 743
Distribution of Fuel Charges - Small and Medium-sized businesses	623 000	12 344	111 547	-	-	-
Minister's salary and motor car allowance	102	26	41	99	24	49
Court awards - Tax Court of Canada	-	1 040	1 118	-	103	269
Spending proceeds from the disposal of surplus Crown Assets	-	24	36	-	68	87
Energy Cost Benefit	-	-	(1)	-	-	(1)
Total Budgetary Statutory Authorities	5 540 651	676 699	3 497 637	12 925 549	3 479 827	6 537 862
Total Budgetary Authorities	10 648 670	1 825 680	5 885 836	18 148 463	4 753 104	9 235 026

1. Includes only authorities available for use and granted by Parliament at quarter-end.

2. Statutory authorities will be adjusted at year-end to reflect actual expenditures. Any incongruences between statutory authorities and spending will be resolved at year-end.

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DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT (unaudited)

<i>(in thousands of dollars)</i>	Fiscal year 2025-2026			Fiscal year 2024-2025		
	Planned expenditures for the year ending March 31, 2026	Expended during the quarter ended September 30, 2025	Year to date used at quarter- end	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended September 30, 2024	Year to date used at quarter-end
Expenditures:						
Personnel	\$ 5,186,615	\$ 1,285,127	\$ 2,607,197	\$ 4,934,687	\$ 1,384,205	\$ 2,778,421
Transportation and communications	\$ 184,773	\$ 23,438	\$ 56,255	\$ 242,138	\$ 24,656	\$ 59,134
Information	\$ 33,785	\$ 2,600	\$ 4,763	\$ 43,488	\$ 3,035	\$ 8,870
Professional and special services	\$ 743,699	\$ 163,721	\$ 267,278	\$ 908,742	\$ 115,095	\$ 286,326
Rentals	\$ 278,653	\$ 69,252	\$ 132,061	\$ 309,773	\$ 75,054	\$ 143,907
Purchased repair and maintenance	\$ 47,209	\$ 8,881	\$ 16,757	\$ 69,172	\$ 13,320	\$ 24,211
Utilities, materials, and supplies	\$ 32,214	\$ 1,800	\$ 3,973	\$ 43,130	\$ 2,695	\$ 6,070
Acquisition of machinery and equipment	\$ 41,865	\$ 4,972	\$ 8,829	\$ 59,131	\$ 6,115	\$ 23,613
Transfer payments	\$ 4,589,454	\$ 384,811	\$ 3,027,390	\$ 12,023,544	\$ 3,250,628	\$ 6,146,798
Other subsidies and payments	\$ 262	\$ 2,503	\$ 4,183	\$ 358	\$ 1,292	\$ 3,658
Total Gross Budgetary Expenditures	\$ 11,138,529	\$ 1,947,105	\$ 6,128,686	\$ 18,634,163	\$ 4,876,095	\$ 9,481,008
Less: Revenues netted against expenditures	\$ 489,859	\$ 121,425	\$ 242,850	\$ 485,700	\$ 122,991	\$ 245,982
Total Net Budgetary Expenditures	\$ 10,648,670	\$ 1,825,680	\$ 5,885,836	\$ 18,148,463	\$ 4,753,104	\$ 9,235,026