

Quarterly Financial Report

For the quarter ended December 31, 2025

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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 December 31, 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 Q3 YTD expenditures as at December 31, 2025

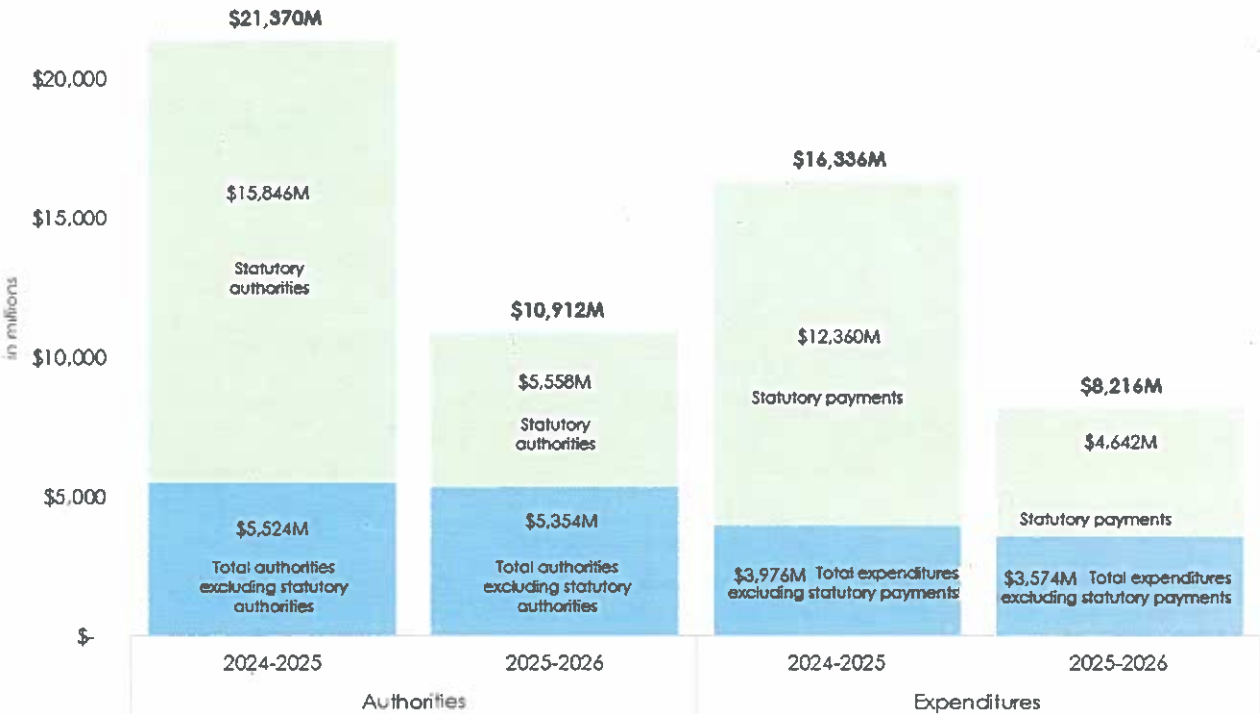


Figure 1: Annual net authorities against YTD expenditures as at December 31, 2025.
Note 1: Refer to the Statement of Authorities, at the end of the report, for details of the specific items included in the statutory authorities.

Year-over-year (YOY) analysis of authorities

This report reflects the results for the current fiscal year in relation to the Main Estimates, authorities available for use from the prior fiscal year and Supplementary Estimates (B). The current year authorities do not include the funding decisions from the 2025 federal budget. As shown in the summarized table below, the CRA's total Budgetary Authorities have decreased by **\$10,458M (\$10.5B)** since the third quarter of 2024-2025, from **\$21,370M (\$21.4B)** in 2024-2025, to **\$10,912M (\$10.9B)** 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	\$5,558M	\$15,846M	(\$10,288M)
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.			(\$10,334M)
Gross Vote 1 – Operating Authorities	\$5,706M	\$5,866M	(\$160M)
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 Increase in authorities related to funding related to the 2024 Fall Economic Statement, primarily for combatting tax evasion Increase in authorities related to funding which was reprofiled from the 2024-2025 Supplementary Estimates (C) due to the prorogation of Parliament 			(\$309M) \$72M \$74M
Vote 5 – Capital Authorities	\$137M	\$143M	(\$6M)
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 previous years' federal budget measures Increase in authorities available for use from the prior fiscal year 			(\$20M) (\$1M) \$15M
Revenue Credited to the Vote (RCV)	(\$489M)	(\$485M)	(\$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	\$10,912M (\$10.9B)	\$21,370M (\$21.4B)	(\$10,458M) (\$10.5B)

YOY analysis of expenditures

The YTD third quarter expenditures as at December 31, 2025 have decreased by **\$8,120M (\$8.1B)**, from **\$16,336M (\$16.3B)** in 2024-2025 to **\$8,216M (\$8.2B)** 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 December 31, 2025	YTD expenditures at December 31, 2024	Variance in YTD expenditures
Budgetary Statutory Authorities	\$4,642M	\$12,360M	(\$7,718M)
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.			(\$7,808M)
Net Vote 1 – Operating Expenditures	\$3,529M	\$3,918M	(\$389M)
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 offset by annual collective agreement increments 			(\$298M)
<ul style="list-style-type: none"> Decrease in expenditures related to overtime worked 			(\$7M)
The Transportation standard object:			
<ul style="list-style-type: none"> Decrease in travel due to restrictions on non-discretionary travel, instead leveraging virtual options 			(\$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 			(\$18M)
<ul style="list-style-type: none"> Decrease in IT services from Shared Services Canada (SSC) due to the timing of billing 			(\$9M)
<ul style="list-style-type: none"> Decrease in seminar course fees due to the emphasis on leveraging virtual options 			(\$4M)
The Information standard object:			
<ul style="list-style-type: none"> Decrease in database services due to cancellations and reduced software renewals 			(\$4M)
<ul style="list-style-type: none"> Decrease in advertising services due to timing of contracts and a higher prior-year budget 			(\$1M)
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) 			(\$14M)
<ul style="list-style-type: none"> Decrease in cloud consumption expenditures related to Microsoft 365, which is now being paid via an ongoing budget transfer to SSC 			(\$13M)
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 			(\$16M)
Vote 5 – Capital Expenditures	\$45M	\$58M	(\$13M)
The decrease in Vote 5 Capital Expenditures is primarily related to the completion of major project investments.			
Total Budgetary Authorities	\$8,216M (\$8.2B)	\$16,336M (\$16.3B)	(\$8,120M) (\$8.1B)

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 on the changing risk landscape of the entire risk portfolio. The 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 CRA maintains rigorous expenditure controls to ensure spending remains within approved reference levels. 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

On December 11, 2025, the CRA completed the 100-day Service Improvement Plan, which was 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 resulted in improvements and changes to operations, personnel, and programs. Additional investment was required 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. Maintaining the 100-day Service Improvement Plan standards on an ongoing basis will require further financial investment. The CRA will continue these efforts to ensure high-quality, reliable service is provided to all Canadians, especially for the upcoming tax filing season.

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.

Approval by Senior Officials

Approved by:



Bob Hamilton, Commissioner

Ottawa, Canada

Date:

FEB 25 2026

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Hugo Pagé, Chief Financial Officer

CANADA REVENUE AGENCY
Quarterly Financial Report
For the quarter ended December 31, 2025

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 December 31, 2025	Total available for use for the year ending March 31, 2025 ¹	Used during the quarter ended December 31, 2024	Year to date used at quarter-end
<i>(in thousands of dollars)</i>					
Vote 1 - Operating expenditures					
Gross Operating expenditures	\$ 5,706,612	\$ 1,289,125	\$ 3,892,745	\$ 1,380,531	\$ 4,287,382
Revenues netted against expenditures	\$ (489,859)	\$ (121,425)	\$ (364,275)	\$ (122,990)	\$ (368,972)
Net Vote 1 - Operating expenditures	\$ 5,216,753	\$ 1,167,700	\$ 3,528,470	\$ 1,257,541	\$ 3,918,410
Vote 5 - Capital expenditures	\$ 137,125	\$ 17,744	\$ 45,173	\$ 21,326	\$ 57,621
Budgetary Statutory Authorities					
Contributions to employee benefit plans	\$ 679,385	\$ 165,409	\$ 496,227	\$ 142,136	\$ 426,409
Children's Special Allowance payments (<i>Children's Special Allowances Act</i>)	\$ 423,000	\$ 116,028	\$ 337,332	\$ 109,741	\$ 321,965
Canada Carbon Rebate payments	\$ 3,522,000	\$ 169,697	\$ 2,710,550	\$ 3,034,298	\$ 8,834,251
Spending of revenues received through the conduct of its operations pursuant to section 60 of the <i>Canada Revenue Agency Act</i>	\$ 293,913	\$ 72,912	\$ 211,146	\$ 99,640	\$ 206,831
Distribution of Fuel Charges - Provinces and Territories	\$ 17,000	\$ (1,283)	\$ 20,759	\$ 18,906	\$ 36,980
Distribution of Fuel Charges - Farming Businesses	\$ -	\$ 18,019	\$ 149,664	\$ 26,094	\$ 141,837
Distribution of Fuel Charges - Small and Medium-sized businesses	\$ 623,000	\$ 603,718	\$ 715,265	\$ 2,391,149	\$ 2,391,149
Minister's salary and motor car allowance	\$ 102	\$ 19	\$ 60	\$ 22	\$ 71
Court awards - Tax Court of Canada	\$ -	\$ 324	\$ 1,442	\$ 280	\$ 549
Spending proceeds from the disposal of surplus Crown Assets and Energy Cost Benefit	\$ -	\$ 15	\$ 50	\$ (32)	\$ 54
Total Budgetary Statutory Authorities	\$ 5,558,400	\$ 1,144,858	\$ 4,642,495	\$ 5,822,234	\$ 12,360,096
Total Budgetary Authorities	\$ 10,912,278	\$ 2,330,302	\$ 8,216,138	\$ 7,101,101	\$ 16,336,127

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.

CANADA REVENUE AGENCY

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DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT (unaudited)

	Fiscal year 2025-2026			Fiscal year 2024-2025		
	Planned expenditures for the year ending March 31, 2026	Expended during the quarter ended December 31, 2025	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended December 31, 2024	Year to date used at quarter-end
Expenditures:						
Personnel	\$ 5,393,403	\$ 1,298,697	\$ 3,905,894	\$ 5,207,899	\$ 1,369,864	\$ 4,148,285
Transportation and communications	\$ 189,473	\$ 15,098	\$ 71,353	\$ 246,904	\$ 19,956	\$ 79,090
Information	\$ 35,186	\$ 2,369	\$ 7,132	\$ 48,864	\$ 5,128	\$ 13,998
Professional and special services	\$ 790,819	\$ 144,297	\$ 411,575	\$ 967,294	\$ 145,512	\$ 431,838
Rentals	\$ 279,853	\$ 64,220	\$ 196,281	\$ 310,937	\$ 80,502	\$ 224,409
Purchased repair and maintenance	\$ 47,809	\$ 8,807	\$ 25,564	\$ 71,957	\$ 16,976	\$ 41,187
Utilities, materials, and supplies	\$ 33,013	\$ 1,557	\$ 5,530	\$ 44,006	\$ 6,884	\$ 12,954
Acquisition of machinery and equipment	\$ 42,865	\$ 5,655	\$ 14,484	\$ 60,299	\$ 6,804	\$ 16,809
Transfer payments	\$ 4,589,454	\$ 909,979	\$ 3,937,369	\$ 14,897,544	\$ 5,584,856	\$ 11,731,654
Other subsidies and payments	\$ 262	\$ 1,048	\$ 5,231	\$ 358	\$ 1,217	\$ 4,875
Total Gross Budgetary Expenditures	\$ 11,402,137	\$ 2,451,727	\$ 9,580,413	\$ 21,856,062	\$ 7,224,091	\$ 16,705,099
Less: Revenues netted against expenditures	\$ 489,859	\$ 121,425	\$ 364,275	\$ 485,700	\$ 122,990	\$ 368,972
Total Net Budgetary Expenditures	\$ 10,912,278	\$ 2,330,302	\$ 8,216,138	\$ 21,370,362	\$ 7,101,101	\$ 16,336,127

(in thousands of dollars)