Quarterly Financial Report

For the quarter ended June 30, 2026

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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 2026-2027 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 June 30, 2026.

The CRA's annual net authorities and YTD expenditures have decreased significantly, primarily in statutory authorities, due to the cessation of the federal fuel charge and the wind-down of associated proceeds return mechanisms, including the Canada Carbon Rebate, effective April 1, 2025. Further analysis of authorities and expenditures is presented below.

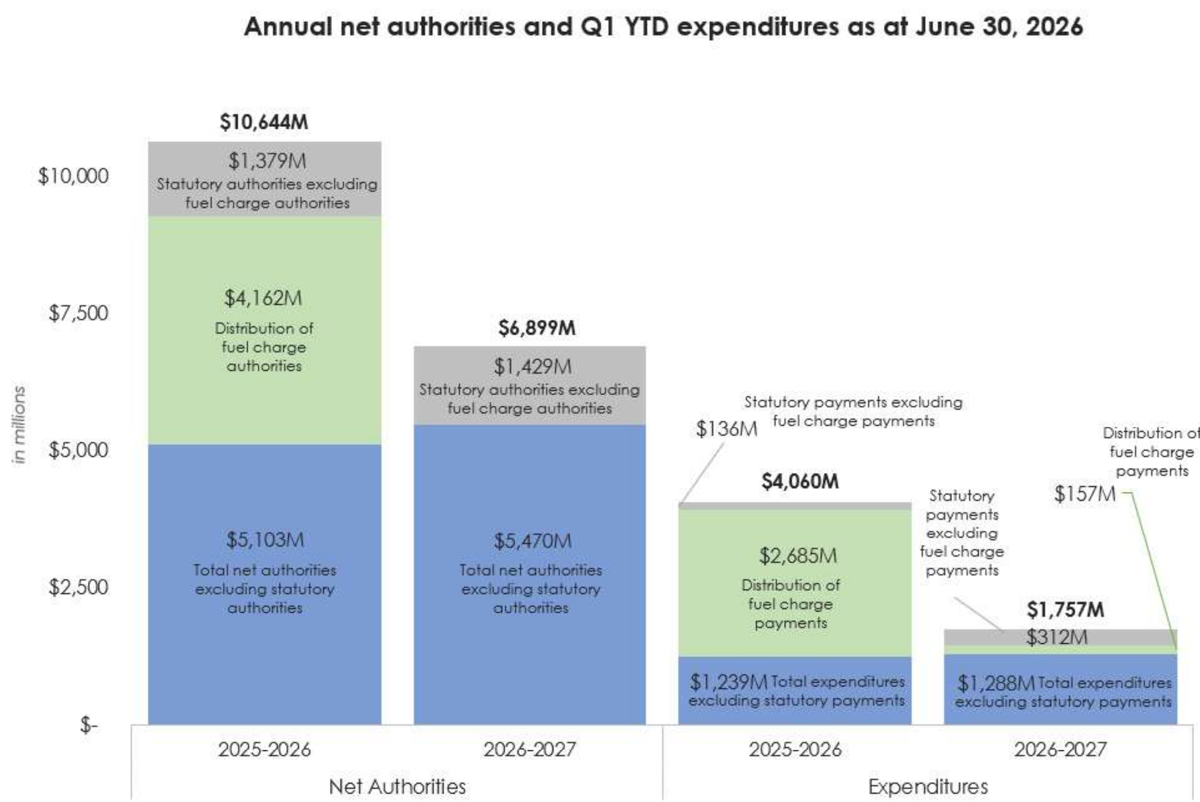

Figure 1: Annual net authorities against YTD expenditures as at June 30, 2026.
Note 1: Refer to the Statement of Authorities, at the end of the report, for details of the specific items included in the statutory authorities.

Year-over-year (YOY) analysis of net 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 (A). As shown in the summarized table below, the CRA's total Budgetary Authorities have decreased by **$3,745M ($3.7B)** since the first quarter of 2025-2026, from **$10,644M ($10.6B)** in 2025-2026, to **$6,899M ($6.9B)** in 2026-2027.

Summarized Statement of Authorities (unaudited)

(in millions of dollars)	Total available for use for the year ending March 31, 2027	Total available for use for the year ending March 31, 2026	Variance in budgetary authorities
Budgetary Statutory Authorities	$1,429M	$5,541M	**($4,112M)**
The decrease in **Budgetary Statutory Authorities** is largely due to the cessation of the federal fuel charge and the wind-down of associated proceeds return mechanisms, including the Canada Carbon Rebate, effective April 1, 2025. The final payments were distributed in the first quarter of 2025-2026; therefore, no significant payments are to be issued in 2026-2027.			($4,162M)
Gross Vote 1 – Operating Authorities	$5,855M	$5,457M	**$398M**
The increase in **Gross Vote 1 Operating Authorities** is primarily related to the following:			
• Increase in authorities available for use from the prior fiscal year			$339M
• Increase in authorities related to funding from the 2024 Fall Economic Statement, primarily for combatting tax evasion			$78M
• Increase in authorities related to funding announced in the Fall 2025 Federal Budget, primarily as it relates to tax fairness for global corporations and the effective delivery of the Clean Economy investment tax credits			$61M
• Increase due to a realignment of funding from the operating vote to the capital vote in the prior year, which intended to align capital authorities with forecasted spending			$35M
• Decrease in authorities for maintaining quality contact centre services at the CRA			($63M)
• Decrease due to the final maturity of Refocusing Government Spending reductions being incorporated into authorities			($45M)
Vote 5 – Capital Authorities	$113M	$136M	**($23M)**
The decrease in **Vote 5 Capital Authorities** is primarily related to the following:			
• Decrease due to a realignment of funding from the operating vote to the capital vote in the prior year, which intended to align capital authorities with forecasted spending			($35M)
• Increase related to capital reinvestments from the Fall 2025 Federal Budget, such as the modernization of non-resident withholding (Part XIII) validation and matching in pre-assessment			$13M
Revenue Credited to the Vote (RCV)	($498M)	($490M)	**($8M)**
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	**$6,899M ($6.9B)**	**$10,644 ($10.6B)**	**($3,745M) ($3.7B)**

YOY analysis of expenditures

The **first quarter expenditures** as at June 30, 2026 have decreased by **$2,303M ($2.3B)**, from **$4,060M ($4.1B)** in 2025-2026 to **$1,757M ($1.8B)** in 2026-2027, 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)

(in millions of dollars)	**YTD expenditures at June 30, 2026**	**YTD expenditures at June 30, 2025**	**Variance in YTD expenditures**
Budgetary Statutory Authorities	$469M	$2,821M	**($2,352M)**
The majority of the decrease in **Budgetary Statutory Authorities** is largely due to the cessation of the federal fuel charge and the wind-down of associated proceeds return mechanisms, including the Canada Carbon Rebate, effective April 1, 2025. The final payments were distributed in the first quarter of 2025-2026; therefore, no significant payments are to be issued in 2026-2027.			($2,377M)
Net Vote 1 – Operating Expenditures	$1,272M	$1,227M	**$45M**
The increase in **Net Vote 1 Operating Expenditures** is primarily related to variances in the following: **Billing from Other Government Departments / Other CRA Operating Expenditures** • Increase attributable to the earlier receipt of the Department of Justice invoice compared to the previous fiscal year • Decrease in information technology (IT) services from Shared Services Canada due to timing of billing • Decrease in the GST transfer to Quebec, as a result of charges from the Ministère du Revenu du Québec			$72M ($10M) ($8M)
Vote 5 – Capital Expenditures	$16M	$12M	**$4M**
The increase in **Vote 5 Capital Expenditures** is attributable to increased investments in major projects.			
Total Budgetary Authorities	**$1,757M ($1.8B)**	**$4,060M ($4.1B)**	**($2,303M) ($2.3B)**

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 factors that could affect the achievement of 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, 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 2026-2027 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 actively manages its risks with the objective of delivering on its mandate and maintaining the trust and confidence of Canadians. It also maintains rigorous expenditure controls to ensure spending remains within approved reference levels.

Significant changes in relation to operations, personnel, and programs

The CRA continues to prioritize technological investments in support of advancing its transformation agenda and initiatives that strengthen program delivery and improve operational efficiency, in accordance with the direction from the government. In addition, operations and investments continue to be directed towards the CRA's One Agency Perspective, which is focused on delivering a seamless and efficient experience for Canadians, while meeting privacy and security requirements and building a modern, resilient, and diverse workforce equipped with future-ready skills ready to meet evolving organizational needs.

The CRA continues to support the government's priority of responsible government spending and the commitments established under the Comprehensive Expenditure Review. A portion of these savings will be reinvested to improve services, strengthen compliance, and reduce tax debt. Efforts were made to progressively wind down programs that no longer align with government priorities, as well as work on realigning resources to enhance operational efficiency and support newly announced government initiatives with incremental funding received.

There has also been uptake of the Early Retirement Incentive program, with participating employees retiring on or before January 20, 2027. These planned departures, together with ongoing attrition, present an opportunity for the CRA to strategically recalibrate its workforce to align with evolving business priorities, future service expectations and emerging operational needs. Through integrated business, financial and workforce planning, the CRA is actively managing this transition to maintain service excellence and strengthen its capacity to meet the needs of Canadians in the years ahead.

Approval by Senior Officials

Approved by:

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Heather Evans, Commissioner

Hugo Pagé, Chief Financial Officer

Ottawa, Canada
*Date: **2026-08-26***

CANADA REVENUE AGENCY

Quarterly Financial Report

For the quarter ended June 30, 2026

STATEMENT OF AUTHORITIES (unaudited)

(in thousands of dollars)	Fiscal year 2026-2027			Fiscal year 2025-2026		
	Total available for use for the year ending March 31, 2027[1]	Used during the quarter ended June 30, 2026	Year to date used at quarter-end	Total available for use for the year ending March 31, 2026[1]	Used during the quarter ended June 30, 2025	Year to date used at quarter-end
Vote 1 - Operating expenditures						
Gross Operating expenditures	$ 5,854,745	$ 1,396,583	$ 1,396,583	$ 5,457,113	$ 1,348,497	$ 1,348,497
Revenues netted against expenditures	$ (498,067)	$ (124,641)	$ (124,641)	$ (489,859)	$ (121,425)	$ (121,425)
Net Vote 1 - Operating expenditures	$ 5,356,678	$ 1,271,942	$ 1,271,942	$ 4,967,254	$ 1,227,072	$ 1,227,072
Vote 5 - Capital expenditures	$ 113,084	$ 15,805	$ 15,805	$ 135,712	$ 12,146	$ 12,146
Budgetary Statutory Authorities						
Canada Carbon Rebate payments	$ -	$ 151,521	$ 151,521	$ 3,522,000	$ 2,319,356	$ 2,319,356
Distribution of Fuel Charges - Provinces and Territories	$ -	$ 3,168	$ 3,168	$ 17,000	$ 20,823	$ 20,823
Distribution of Fuel Charges - Farming Businesses	$ -	$ 1,124	$ 1,124	$ -	$ 94,350	$ 94,350
Distribution of Fuel Charges - Small and Medium-sized businesses	$ -	$ 758	$ 758	$ 623,000	$ 99,203	$ 99,203
Contributions to employee benefit plans	$ 714,308	$ 177,778	$ 177,778	$ 661,636	$ 165,409	$ 165,409
Children's Special Allowance payments (*Children's Special Allowances Act*)	$ 451,000	$ 115,981	$ 115,981	$ 423,000	$ 108,848	$ 108,848
Spending of revenues received through the conduct of its operations pursuant to section 60 of the *Canada Revenue Agency Act*	$ 263,549	$ 16,706	$ 16,706	$ 293,913	$ 12,845	$ 12,845
Minister's salary and motor car allowance	$ -	$ -	$ -	$ 102	$ 15	$ 15
Secretaries of State car allowance	$ 2	$ 1	$ 1	$ -	$ -	$ -
Court awards - Tax Court of Canada	$ -	$ 1,719	$ 1,719	$ -	$ 78	$ 78
Spending proceeds from the disposal of surplus Crown Assets	$ -	$ 12	$ 12	$ -	$ 12	$ 12
Energy Cost Benefit	$ -	$ -	$ -	$ -	$ (1)	$ (1)
Total Budgetary Statutory Authorities	$ 1,428,859	$ 468,768	$ 468,768	$ 5,540,651	$ 2,820,938	$ 2,820,938
Total Budgetary Authorities	**$ 6,898,621**	**$ 1,756,515**	**$ 1,756,515**	**$ 10,643,617**	**$ 4,060,156**	**$ 4,060,156**

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

Quarterly Financial Report

For the quarter ended June 30, 2026

DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT (unaudited)

(in thousands of dollars)	Fiscal year 2026-2027			Fiscal year 2025-2026		
	Planned expenditures for the year ending March 31, 2027	Expended during the quarter ended June 30, 2026	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2026	Expended during the quarter ended June 30, 2025	Year to date used at quarter-end
Expenditures:						
Personnel	$ 5,394,296	$ 1,328,084	$ 1,328,084	$ 5,186,616	$ 1,322,070	$ 1,322,070
Transportation and communications	$ 220,440	$ 26,682	$ 26,682	$ 183,684	$ 32,817	$ 32,817
Information	$ 41,225	$ 4,303	$ 4,303	$ 33,586	$ 2,163	$ 2,163
Professional and special services	$ 858,318	$ 159,920	$ 159,920	$ 740,753	$ 103,557	$ 103,557
Rentals	$ 291,000	$ 64,337	$ 64,337	$ 278,385	$ 62,809	$ 62,809
Purchased repair and maintenance	$ 49,902	$ 7,357	$ 7,357	$ 47,076	$ 7,876	$ 7,876
Utilities, materials, and supplies	$ 38,463	$ 3,261	$ 3,261	$ 32,024	$ 2,173	$ 2,173
Acquisition of machinery and equipment	$ 47,604	$ 6,253	$ 6,253	$ 41,638	$ 3,857	$ 3,857
Transfer payments	$ 455,115	$ 272,552	$ 272,552	$ 4,589,454	$ 2,642,579	$ 2,642,579
Other subsidies and payments	$ 325	$ 8,407	$ 8,407	$ 260	$ 1,680	$ 1,680
Total Gross Budgetary Expenditures	**$ 7,396,688**	**$ 1,881,156**	**$ 1,881,156**	**$ 11,133,476**	**$ 4,181,581**	**$ 4,181,581**
Less: Revenues netted against expenditures	$ 498,067	$ 124,641	$ 124,641	$ 489,859	$ 121,425	$ 121,425
Total Net Budgetary Expenditures	**$ 6,898,621**	**$ 1,756,515**	**$ 1,756,515**	**$ 10,643,617**	**$ 4,060,156**	**$ 4,060,156**