Department of Finance Canada | Ministère des Finances Canada

The Fiscal Monitor

A publication of the Department of Finance

Financial Results for April and May 2026

Canada

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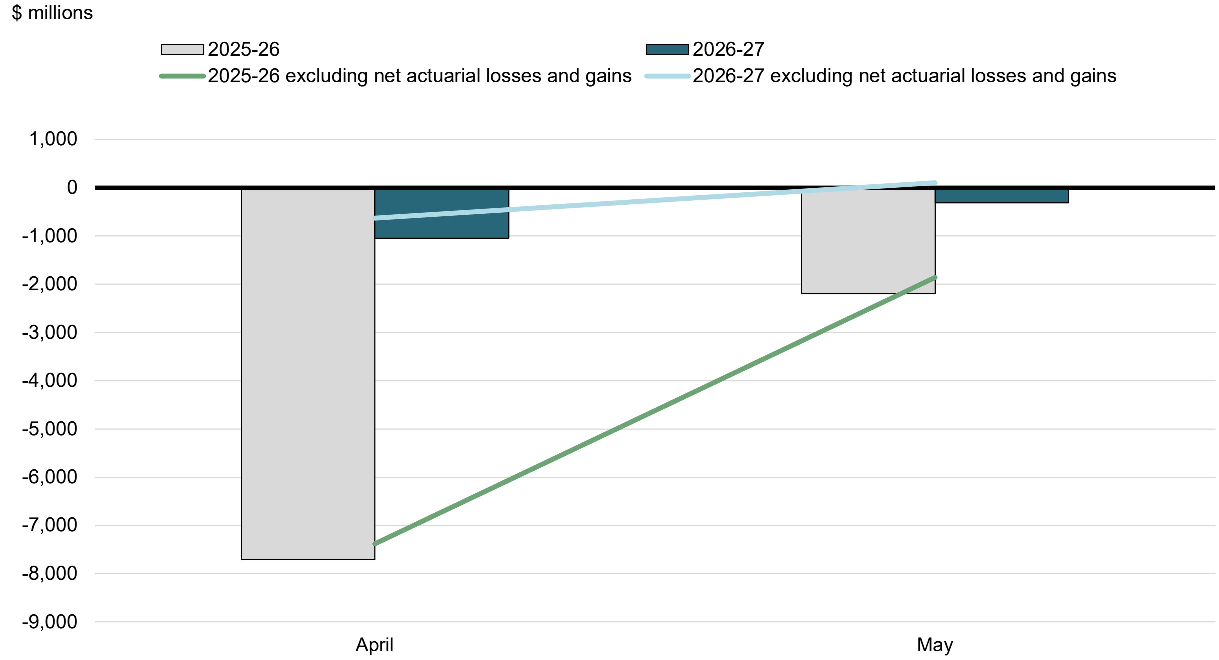
Highlights

April and May 2026

For the first two months of the 2026-27 fiscal year (April and May), there was a budgetary deficit of $1.4 billion compared to a deficit of $9.9 billion reported for the same period of 2025-26. By month, there was a deficit of $1.0 billion in April and a deficit of $0.3 billion in May 2026.

The budgetary deficit before net actuarial losses was $0.5 billion, compared to a deficit of $9.2 billion in the same period of 2025-26. The budgetary balance before net actuarial losses and gains is intended to supplement the traditional budgetary balance and improve the transparency of the government's financial reporting by isolating the impact of the amortization of net actuarial losses and gains arising from the revaluation of the government's pension and other employee future benefit plans.

Chart 1
Monthly Budgetary Balance and Budgetary Balance Excluding Net Actuarial Losses and Gains

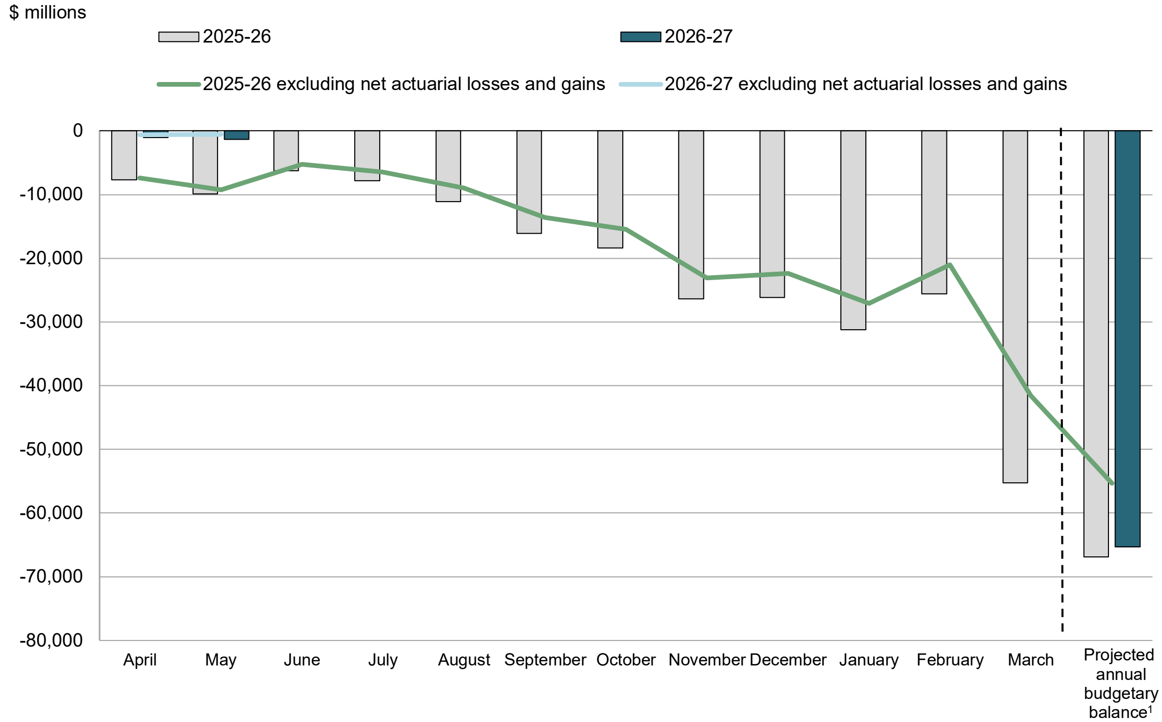


For the two months combined:

- Revenues were up $11.8 billion, or 15.5 per cent, reflecting increases in most major categories, primarily from gains in income and excise taxes.
- Program expenses excluding net actuarial losses were up $2.8 billion, or 3.7 per cent, reflecting increases in direct program expenses and major transfers to persons, offset in part by lower major transfers to provinces, territories and municipalities.
- Public debt charges increased by $0.3 billion, or 3.3 per cent, largely reflecting higher average effective interest rates on an increased stock of marketable bonds, offset in part by lower interest rates on treasury bills.
- Net actuarial losses increased by $0.2 billion, or 23.9 per cent, reflecting the amortization of losses arising from actuarial valuations of the government's pension and other employee future benefit plans prepared for the *Public Accounts of Canada 2025*, which began partway through 2025-26, offset in part by the end of the amortization of certain prior years' net actuarial losses.

Chart 2

Year-to-Date Budgetary Balance and Budgetary Balance Excluding Net Actuarial Losses and Gains



[1] Source: Spring Economic Update 2026.

Table 1

Summary statement of transactions

$ millions

	April		May		April to May	
	2025	2026	2025	2026	2025-26	2026-27
Budgetary transactions						
Revenues	38,784	45,890	37,244	41,936	76,028	87,826
Expenses						
Program expenses, excluding net actuarial losses	-41,131	-41,753	-34,529	-36,678	-75,660	-78,431
Public debt charges	-5,027	-4,768	-4,576	-5,156	-9,603	-9,924
Budgetary balance, excluding net actuarial losses	-7,374	-631	-1,861	102	-9,235	-529
Net actuarial losses	-335	-415	-335	-415	-670	-830
Budgetary balance (deficit/surplus)	-7,709	-1,046	-2,196	-313	-9,905	-1,359
Non-budgetary transactions	-4,441	-12,759	-8,534	-9,440	-12,975	-22,199
Financial source/requirement	-12,150	-13,805	-10,730	-9,753	-22,880	-23,558
Net change in financing activities	11,592	14,818	30,016	12,291	41,608	27,109
Net change in cash balances	-558	1,013	19,286	2,538	18,728	3,551
Cash balance at end of period					64,869	51,888

Note: Positive numbers indicate net source of funds. Negative numbers indicate net requirement for funds.

Revenues

Revenues for the April to May period of 2026-27 totalled $87.8 billion, up $11.8 billion, or 15.5 per cent, from the same period in 2025-26.

- Tax revenues increased by $8.5 billion, or 13.5 per cent, compared to the same period in 2025-26, reflecting increases in personal and corporate income taxes and Goods and Services Tax revenues, partially offset by lower customs import duties. The decrease in customs import duties is attributable to the countermeasures imposed in response to U.S. tariffs, which raised revenues in 2025-26 prior to the measures repeal.
- Employment Insurance (EI) premium revenues were up $0.4 billion, or 7.0 per cent, reflecting a higher number of persons employed and the increase in maximum insurable earnings that took effect January 1, 2026.
- Other revenues were up $2.9 billion, or 39.0 per cent, largely reflecting higher interest and penalties revenues, as well as higher revenues from enterprise Crown corporations and offshore resource revenues.

Table 2
Revenues

	April		May		April to May		
	2025[1]	**2026**	**2025[1]**	**2026**	**2025-26[1]**	**2026-27**	**Change**
			($ millions)				**(%)**
Tax revenues							
Income taxes							
Personal	17,655	20,371	17,249	18,508	34,904	38,879	11.4
Corporate	6,281	8,157	5,580	6,890	11,861	15,047	26.9
Non-resident	1,326	1,544	1,043	1,184	2,369	2,728	15.2
Total income tax revenues	25,262	30,072	23,872	26,582	49,134	56,654	15.3
Other taxes and duties							
Goods and Services Tax	4,425	5,350	4,402	5,175	8,827	10,525	19.2
Energy taxes	408	430	455	598	863	1,028	19.1
Customs import duties	1,210	766	1,146	727	2,356	1,493	-36.6
Other taxes, excise taxes and duties	477	585	829	660	1,306	1,245	-4.7
Total other taxes and duties	6,520	7,131	6,832	7,160	13,352	14,291	7.0
Total tax revenues	31,782	37,203	30,704	33,742	62,486	70,945	13.5
Employment Insurance premiums	3,135	3,385	2,948	3,125	6,083	6,510	7.0
Other revenues	3,867	5,302	3,592	5,069	7,459	10,371	39.0
Total revenues	38,784	45,890	37,244	41,936	76,028	87,826	15.5

Note: Totals may not add due to rounding.

[1]Certain comparative figures have been reclassified to reflect the current year's presentation. In particular, pollution pricing proceeds to be returned to Canadians is included in other revenues. This reflects the cessation of the application of the federal fuel charge effective April 1, 2025.

Expenses

For the April to May period of 2026-27, program expenses excluding net actuarial losses were $78.4 billion, up $2.8 billion, or 3.7 per cent, from the same period the previous year.

- Major transfers to persons were up $1.4 billion or 6.1 per cent.
  - Transfers through the Old Age Security program increased by $0.6 billion, or 4.2 per cent, reflecting in part changes in consumer prices, to which benefits are fully indexed.
  - EI benefits increased by $0.6 billion, or 15.8 per cent, largely reflecting new measures that expanded access to EI benefits, as well as a timing effect due to May 2026 having one more Sunday payment than May 2025.
  - Children's benefits were up $0.2 billion, or 3.2 per cent, in part reflecting the indexation of benefits to consumer prices.
- Major transfers to provinces, territories and municipalities were down $0.5 billion, or 2.5 per cent, reflecting a year-over-year difference in the timing of health transfers, offset in part by legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories.
- Pollution pricing proceeds returned to Canadians decreased by $2.0 billion, or 95.0 per cent, reflecting the structural wind-down of the Canada Carbon Rebate and related fuel charge return mechanisms in 2025-26 following the removal of the federal fuel charge effective April 1, 2025.
- Direct program expenses were up $3.9 billion, or 12.1 per cent. Within direct program expenses:
  - Other transfer payments increased by $1.8 billion, or 13.4 per cent, reflecting higher transfers in a number of areas, such as for the Canada Workers Benefit, the Canadian Dental Care Plan, defence contributions, and offshore resource revenue transfers.
  - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by $2.0 billion, or 11.1 per cent, due in large part to higher defence spending and growth in bad debt expense, reflecting a change in the methodology for recording monthly bad debt expense associated with taxes receivable introduced in December 2025, which has resulted in the recording of expenses earlier in the current fiscal year.

Public debt charges increased by $0.3 billion, or 3.3 per cent, largely reflecting higher average effective interest rates on an increased stock of marketable bonds, offset in part by lower interest rates on treasury bills.

Net actuarial losses were up by $0.2 billion, or 23.9 per cent, reflecting the amortization of losses arising from actuarial valuations of the government's pension and other employee future benefit plans prepared for the *Public Accounts of Canada 2025*, which began partway through 2025-26, offset in part by the end of the amortization of certain prior years' net actuarial losses.

Table 3

Expenses

	April		May		April to May		
	2025[1]	2026	2025[1]	2026	2025-26[1]	2026-27	Change
			($ millions)				(%)
Major transfers to persons							
Old Age Security program	6,749	6,908	6,745	7,149	13,494	14,057	4.2
Employment Insurance benefits	2,036	2,155	2,009	2,529	4,045	4,684	15.8
Children's benefits	2,520	2,534	2,430	2,575	4,950	5,109	3.2
Total major transfers to persons	11,305	11,597	11,184	12,253	22,489	23,850	6.1
Major transfers to provinces, territories and municipalities							
Canada Health Transfer	4,557	4,785	4,557	4,790	9,114	9,575	5.1
Canada Social Transfer	1,452	1,495	1,451	1,495	2,903	2,990	3.0
Equalization	2,181	2,264	2,181	2,263	4,362	4,527	3.8
Territorial Formula Financing	878	935	878	935	1,756	1,870	6.5
Canada-wide early learning and child care	-	-	-	-	-	-	n/a
Canada Community-Building Fund	-	-	-	-	-	-	n/a
Health agreements with provinces/territories[2]	2,150	909	-	-	2,150	909	-57.7
Other fiscal arrangements[3]	-668	-696	-670	-698	-1,338	-1,394	-4.2
Total major transfers to provinces, territories and municipalities	10,550	9,692	8,397	8,785	18,947	18,477	-2.5
Pollution pricing proceeds returned to Canadians	1,340	57	763	48	2,103	105	-95.0
Direct program expenses							
Other transfer payments	8,927	10,080	4,824	5,507	13,751	15,587	13.4
Operating expenses	9,009	10,327	9,361	10,085	18,370	20,412	11.1
Total direct program expenses	17,936	20,407	14,185	15,592	32,121	35,999	12.1
Total program expenses, excluding net actuarial losses	41,131	41,753	34,529	36,678	75,660	78,431	3.7
Public debt charges	5,027	4,768	4,576	5,156	9,603	9,924	3.3
Total expenses, excluding net actuarial losses	46,158	46,521	39,105	41,834	85,263	88,355	3.6
Net actuarial losses	335	415	335	415	670	830	23.9
Total expenses	46,493	46,936	39,440	42,249	85,933	89,185	3.8

[1] Certain comparative figures have been reclassified to reflect the current year's presentation. In particular, COVID-19 income support for workers is included in other transfer payments, reflecting the end of temporary COVID-19 support measures. In addition, certain other amounts have been reclassified from operating expenses and from major transfers to provinces, territories and municipalities to other transfer payments to align with their expected presentation in the *Public Accounts of Canada*.

[2] Health agreements with provinces and territories include the *Working Together* bilateral agreements and *Aging with Dignity* bilateral agreements. Remaining funding under the *Home and Community Care*, and *Mental Health and Addictions Services* bilateral agreements was integrated into these agreements.

[3] Other fiscal arrangements include the Quebec Abatement (Youth Allowances Recovery and Alternative Payments for Standing Programs), which represents an ongoing recovery from Quebec associated with a historical tax point transfer; statutory subsidies; and other items. With respect to the Quebec Abatement - Alternative Payments for Standing Programs, transfers to Quebec for the Canada Health Transfer, Canada Social Transfer and Equalization are shown above on the same basis as transfers to other provinces. However, since part of the Quebec transfer is made through abated federal taxes, it is necessary to net this amount out of major transfers to provinces, territories and municipalities. The remaining portion of the Quebec Abatement reflects recoveries for the tax points transferred for the discontinued Youth Allowances program.

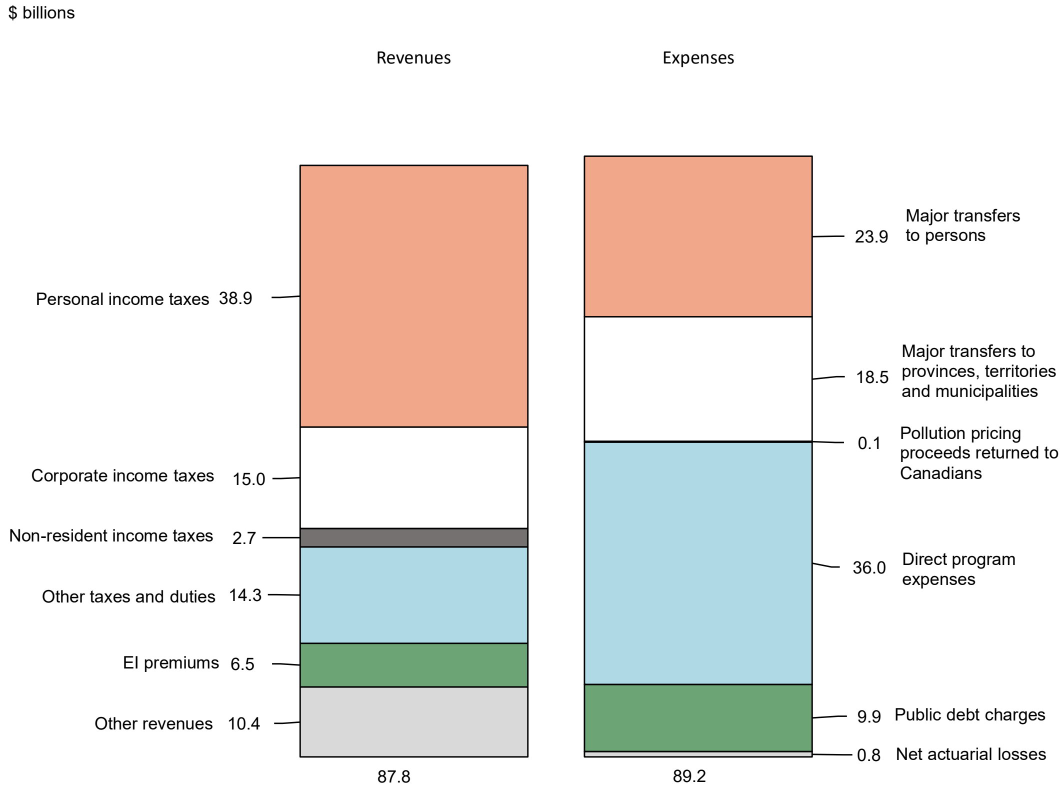
The following table presents total expenses by main object of expense.

Table 4
Total expenses by object of expense

	April		May		April to May		
	2025[1]	**2026**	**2025[1]**	**2026**	**2025-26[1]**	**2026-27**	**Change**
			($ millions)				**(%)**
Transfer payments	32,122	31,426	25,168	26,593	57,290	58,019	1.3
Other expenses							
Personnel, excluding net actuarial losses	5,892	6,197	6,160	6,321	12,052	12,518	3.9
Transportation and communications	73	101	244	226	317	327	3.2
Information	10	10	37	31	47	41	-12.8
Professional and special services	414	570	1,180	1,534	1,594	2,104	32.0
Rentals	603	731	295	359	898	1,090	21.4
Repair and maintenance	106	92	190	219	296	311	5.1
Utilities, materials and supplies	183	452	184	190	367	642	74.9
Other subsidies and expenses	1,266	1,705	458	717	1,724	2,422	40.5
Amortization of tangible capital assets	451	462	601	484	1,052	946	-10.1
Net loss on disposal of assets	11	7	12	4	23	11	-52.2
Total other expenses	9,009	10,327	9,361	10,085	18,370	20,412	11.1
Total program expenses, excluding net actuarial losses	41,131	41,753	34,529	36,678	75,660	78,431	3.7
Public debt charges	5,027	4,768	4,576	5,156	9,603	9,924	3.3
Total expenses, excluding net actuarial losses	46,158	46,521	39,105	41,834	85,263	88,355	3.6
Net actuarial losses	335	415	335	415	670	830	23.9
Total expenses	46,493	46,936	39,440	42,249	85,933	89,185	3.8

[1] Certain comparative figures have been reclassified to reflect the current year's presentation.

Chart 3
Revenues and expenses (April to May 2026)



Note: Totals may not add due to rounding.

Financial requirement of $23.6 billion for April to May 2026

The budgetary balance is presented on an accrual basis of accounting, recording government revenues and expenses when they are earned or incurred, regardless of when the cash is received or paid. In contrast, the financial source/requirement measures the difference between cash coming in to the government and cash going out. This measure is affected not only by changes in the budgetary balance but also by the cash source/requirement resulting from the government's investing activities through its acquisition of capital assets and its loans, financial investments and advances, as well as from other activities, including payment of accounts payable and collection of accounts receivable, foreign exchange activities, and the amortization of its tangible capital assets. The difference between the budgetary balance and financial source/requirement is recorded in non-budgetary transactions.

With a budgetary deficit of $1.4 billion and a requirement of $22.2 billion from non-budgetary transactions, there was a financial requirement of $23.6 billion for the April to May 2026 period, compared to a financial requirement of $22.9 billion for the same period of the previous year.

Table 5
The budgetary balance and financial source/requirement
$ millions

	April		May		April to May	
	2025	2026	2025	2026	2025-26	2026-27
Budgetary balance (deficit/surplus)	-7,709	-1,046	-2,196	-313	-9,905	-1,359
Non-budgetary transactions						
Accounts payable, accrued liabilities and accounts receivable	-7,099	-10,212	-3,382	-4,815	-10,481	-15,027
Pensions, other future benefits, and other liabilities	567	-81	776	1,555	1,343	1,474
Foreign exchange accounts and derivatives	6,110	1,340	-771	-909	5,339	431
Loans, investments and advances	-3,334	-3,837	-4,735	-4,483	-8,069	-8,320
Non-financial assets	-685	31	-422	-788	-1,107	-757
Total non-budgetary transactions	-4,441	-12,759	-8,534	-9,440	-12,975	-22,199
Financial source/requirement	-12,150	-13,805	-10,730	-9,753	-22,880	-23,558

Note: Totals may not add due to rounding.

Net financing activities up $27.1 billion

The government financed this financial requirement of $23.6 billion and increased cash balances by $3.6 billion by increasing unmatured debt by $27.1 billion. The increase in unmatured debt was achieved through the issuance of marketable bonds and treasury bills.

Cash balances at the end of May 2026 stood at $51.9 billion, down $13.0 billion from their level at the end of May 2025.

Table 6
Financial source/requirement and net financing activities
$ millions

	April		May		April to May	
	2025	2026	2025	2026	2025-26	2026-27
Financial source/requirement	-12,150	-13,805	-10,730	-9,753	-22,880	-23,558
Net increase (+)/decrease (-) in financing activities						
Unmatured debt transactions						
Canadian currency borrowings						
Marketable bonds	13,239	13,190	18,242	7,304	31,481	20,494
Treasury bills	6,516	3,822	11,744	4,684	18,260	8,506
Total Canadian currency borrowings	19,755	17,012	29,986	11,988	49,741	29,000
Foreign currency borrowings	-8,112	-2,140	50	324	-8,062	-1,816
Total market debt transactions	11,643	14,872	30,036	12,312	41,679	27,184
Obligations related to capital leases and other unmatured debt	-51	-54	-20	-21	-71	-75
Net change in financing activities	11,592	14,818	30,016	12,291	41,608	27,109
Change in cash balance	-558	1,013	19,286	2,538	18,728	3,551
Cash balance at end of period					64,869	51,888

Note: Totals may not add due to rounding.

Notes

1. The Fiscal Monitor is a report on the consolidated financial results of the Government of Canada, prepared monthly by the Department of Finance Canada. The government is committed to releasing The Fiscal Monitor on a timely basis in accordance with the International Monetary Fund's Special Data Dissemination Standards Plus, which are designed to promote member countries' data transparency and promote the development of sound statistical systems.
2. The financial results reported in The Fiscal Monitor are drawn from the accounts of Canada, which are maintained by the Receiver General and used to prepare the annual Public Accounts of Canada.
3. The Fiscal Monitor is generally prepared in accordance with the same accounting policies as used to prepare the government's annual consolidated financial statements, which are summarized in Section 2 of Volume I of the Public Accounts of Canada, available through the Public Services and Procurement Canada website.
4. The financial results presented in The Fiscal Monitor have not been audited or reviewed by an external auditor.
5. There can be substantial volatility in monthly results due to the timing of revenue receipts and expense recognition. For instance, a large share of government spending is typically reported in the March Fiscal Monitor.
6. The April to March results reported in The Fiscal Monitor are not the final results for the fiscal year as a whole. The final results are published in the annual Public Accounts of Canada and incorporate post-March end-of-year adjustments made once further information becomes available, including the accrual of tax revenues reflecting assessments of tax returns and valuation adjustments for assets and liabilities. Post-March adjustments may also include the accrual of measures announced in the budget that are recorded upon receipt of Royal Assent of enabling legislation.
7. Table 7, Condensed Statement of Assets and Liabilities, is included in the monthly Fiscal Monitor following the finalization and publication of the government's financial results for the preceding fiscal year, typically in the fall.

Note: Unless stated otherwise, changes in financial results are presented on a year-over-year basis.

For inquiries about this publication, contact Gina Clark at gina.clark@fin.gc.ca.

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