Department of Finance Canada | Ministère des Finances Canada

The Fiscal Monitor

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Financial Results for July 2026

Canada

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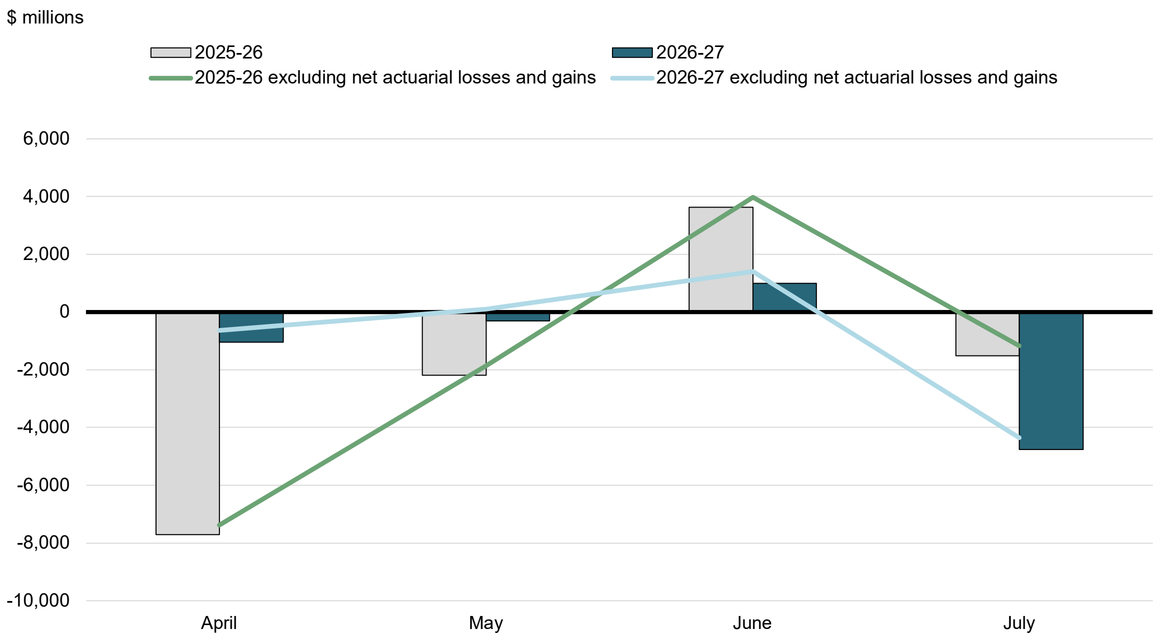
Highlights

July 2026

There was a budgetary deficit of $4.8 billion in July 2026, compared to a deficit of $1.5 billion in July 2025. The budgetary deficit before net actuarial losses and gains was $4.4 billion, compared to a deficit of $1.2 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



Compared to July 2025:

- Revenues increased by $0.2 billion, or 0.5 per cent, largely reflecting higher personal income tax revenues, other revenues and Goods and Services Tax (GST) revenues. These increases were partially offset by lower corporate income tax revenues, customs import duties and energy tax revenues.
- Program expenses excluding net actuarial losses were up $2.8 billion, or 7.3 per cent, reflecting higher direct program expenses, major transfers to provinces, territories and municipalities, and major transfers to persons.
- Public debt charges were up $0.5 billion, or 11.3 per cent, as the impact of higher average effective interest rates on an increased stock of marketable bonds and higher Consumer Price Index adjustments on Real Return Bonds was offset in part by lower interest rates on treasury bills.
- Net actuarial losses were up $0.1 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.

April to July 2026

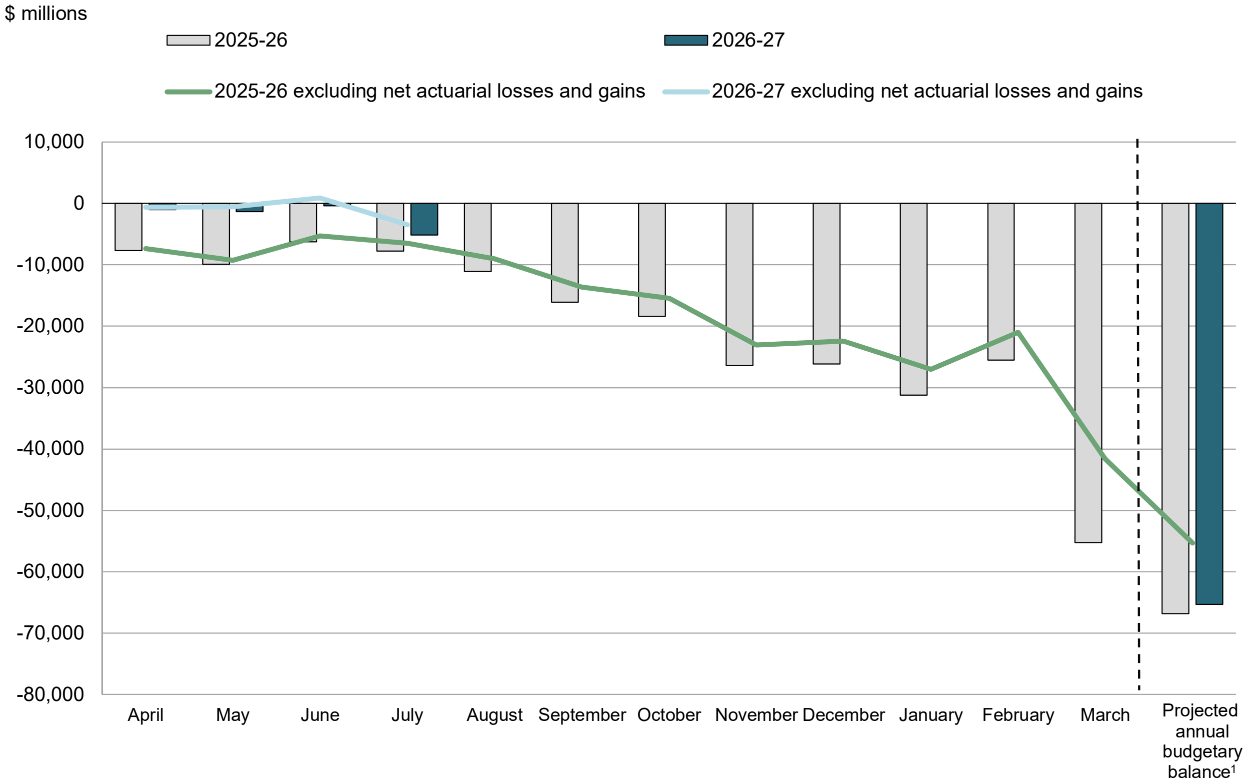
The government posted a budgetary deficit of $5.1 billion for the April to July period of the 2026-27 fiscal year, compared to a deficit of $7.8 billion reported for the same period of 2025-26. The budgetary deficit before net actuarial losses was $3.5 billion, compared to a deficit of $6.4 billion in the April to July period of 2025-26.

Compared to 2025-26:

- Revenues were up $12.0 billion, or 7.4 per cent, largely reflecting increases in personal income tax revenues, other revenues and GST revenues. These increases were offset in part by lower customs import duties, energy tax revenues and corporate income tax revenues.
- Program expenses excluding net actuarial losses were up $7.7 billion, or 5.1 per cent, due mainly to increases in direct program expenses and major transfers to persons, offset in part by lower pollution pricing proceeds returned to Canadians.
- Public debt charges increased by $1.4 billion, or 7.4 per cent, largely reflecting higher average effective interest rates on an increased stock of marketable bonds and higher Consumer Price Index adjustments on Real Return Bonds, offset in part by lower short-term interest rates on treasury bills.
- Net actuarial losses increased by $0.3 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 as at March 31, 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

	July		April to July	
	2025	2026	2025-26	2026-27
Budgetary transactions				
Revenues	42,607	42,825	163,443	175,469
Expenses				
Program expenses, excluding net actuarial losses	-38,959	-41,807	-151,293	-158,968
Public debt charges	-4,825	-5,371	-18,597	-19,979
Budgetary balance, excluding net actuarial losses	-1,177	-4,353	-6,447	-3,478
Net actuarial losses	-335	-415	-1,340	-1,660
Budgetary balance (deficit/surplus)	-1,512	-4,768	-7,787	-5,138
Non-budgetary transactions	-9,291	-10,475	-33,545	-49,584
Financial source/requirement	-10,803	-15,243	-41,332	-54,722
Net change in financing activities	31,048	28,511	68,042	59,553
Net change in cash balances	20,245	13,268	26,710	4,831
Cash balance at end of period			72,850	53,168

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

Revenues

Revenues in July 2026 totalled $42.8 billion, up $0.2 billion, or 0.5 per cent, from July 2025.

- Tax revenues decreased by $0.8 billion, or 2.3 per cent, reflecting lower corporate income tax revenues, lower customs import duties following the repeal of countermeasures imposed in response to U.S. tariffs, and lower energy tax revenues due to the fuel excise tax relief measures introduced in April 2026. These decreases were partially offset by higher personal income tax and GST revenues.
- Employment Insurance (EI) premium revenues were up $0.1 billion, or 2.9 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 $1.0 billion, or 21.9 per cent, largely due to higher interest and penalties revenues, as well as higher revenues from enterprise Crown corporations.

Revenues for the April to July period of 2026-27 totalled $175.5 billion, up $12.0 billion, or 7.4 per cent, from the same period in 2025-26.

- Tax revenues increased by $6.1 billion, or 4.4 per cent, compared to the same period in 2025-26, reflecting increases in personal income taxes, driven by higher wages and salaries and an increase in employment, and higher GST revenues following a return to more historically comparable levels after unusually low revenues in early 2025-26. These increases were partially offset by lower customs import duties, energy tax revenues and corporate income tax revenues.
- EI premium revenues were up $0.7 billion, or 5.8 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 $5.3 billion, or 34.1 per cent, due in large part to higher interest and penalties revenues, as well as higher revenues from enterprise Crown corporations and offshore resource revenues.

Table 2
Revenues

	July			April to July		
	2025[1]	2026	Change	2025-26[1]	2026-27	Change
	($ millions)		(%)	($ millions)		(%)
Tax revenues						
Income taxes						
Personal	17,121	18,480	7.9	71,037	76,679	7.9
Corporate	9,323	7,817	-16.2	32,810	32,416	-1.2
Non-resident	1,419	1,343	-5.4	4,516	4,980	10.3
Total income tax revenues	27,863	27,640	-0.8	108,363	114,075	5.3
Other taxes and duties						
Goods and Services Tax	5,366	5,895	9.9	18,853	21,476	13.9
Energy taxes	478	-19	-104.0	1,786	1,265	-29.2
Customs import duties	1,096	518	-52.7	4,663	2,925	-37.3
Other taxes, excise taxes and duties	657	605	-7.9	2,471	2,446	-1.0
Total other taxes and duties	7,597	6,999	-7.9	27,773	28,112	1.2
Total tax revenues	35,460	34,639	-2.3	136,136	142,187	4.4
Employment Insurance premiums	2,780	2,861	2.9	11,825	12,514	5.8
Other revenues	4,367	5,325	21.9	15,482	20,768	34.1
Total revenues	42,607	42,825	0.5	163,443	175,469	7.4

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

Program expenses excluding net actuarial losses in July 2026 were $41.8 billion, up $2.8 billion, or 7.3 per cent, from July 2025.

- Major transfers to persons, consisting of the Old Age Security program, EI benefits, and children's benefits, were up $0.6 billion or 4.9 per cent.
  - Transfers through the Old Age Security program increased by $0.4 billion, or 6.0 per cent, reflecting growth in the number of recipients and changes in consumer prices, to which benefits are fully indexed.
  - EI benefits increased by $0.1 billion, or 3.1 per cent, largely reflecting new measures that expanded access to EI benefits.
  - Children's benefits were up $0.1 billion, or 3.5 per cent, in part reflecting the indexation of benefits to consumer prices, which annually takes effect July 1st.
- Major transfers to provinces, territories and municipalities were up $1.0 billion, or 10.1 per cent, mainly reflecting a year-over-year difference in the timing of Canada-wide Early Learning and Child Care transfers and legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories.
- Pollution pricing proceeds returned to Canadians increased by $0.1 billion, or 53.8 per cent. Residual payments continue as part of the broader structural wind-down of fuel charge return mechanisms following the removal of the federal fuel charge on April 1, 2025.
- Direct program expenses were up $1.3 billion, or 7.0 per cent. Within direct program expenses:
  - Other transfer payments decreased by $0.1 billion, or 1.6 per cent.
  - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by $1.4 billion, or 12.9 per cent. This increase was driven in large part by a change in the methodology for recording bad debt expense associated with taxes receivable introduced in December 2025, which has resulted in the recording of an estimate of the expenses throughout the current fiscal year rather than in the post-March period, and increased defence spending.

Public debt charges increased $0.5 billion, or 11.3 per cent, largely reflecting higher average effective interest rates on an increased stock of marketable bonds and higher Consumer Price Index adjustments on Real Return Bonds, offset in part by lower interest rates on treasury bills.

Net actuarial losses, which represent the amortization of changes in the value of the government's obligations for pensions and other employee future benefits accrued in previous fiscal years and related assets, were up $0.1 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.

For the April to July period of 2026-27, program expenses excluding net actuarial losses were $159.0 billion, up $7.7 billion, or 5.1 per cent, from the same period the previous year.

- Major transfers to persons were up $2.3 billion or 5.1 per cent.
  - Transfers through the Old Age Security program increased by $1.4 billion, or 5.2 per cent, reflecting growth in the number of recipients and changes in consumer prices, to which benefits are fully indexed.
  - EI benefits increased by $0.5 billion, or 6.0 per cent, largely reflecting new measures that expanded access to EI benefits.
  - Children's benefits were up $0.4 billion, or 3.9 per cent, in part reflecting the indexation of benefits to consumer prices.
- Major transfers to provinces, territories and municipalities were down $0.2 billion, or 0.5 per cent, as legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and

transfers to the territories was more than offset by year-over-year differences in the timing of health care transfers and Canada-wide early learning and child care transfers.

- Pollution pricing proceeds returned to Canadians decreased by $2.1 billion, or 85.5 per cent, reflecting the structural wind-down of the Canada Carbon Rebate for individuals and other fuel charge return mechanisms following the removal of the federal fuel charge effective April 1, 2025.
- Direct program expenses were up $7.7 billion, or 11.8 per cent. Within direct program expenses:
    - Other transfer payments increased by $3.2 billion, or 12.4 per cent, reflecting higher transfers in a number of areas, including defence contributions, the Canada Workers Benefit, transfers in respect of Indigenous Peoples, offshore resource revenue transfers, and the Canadian Dental Care Plan.
    - Operating expenses of the government's departments, agencies, and consolidated Crown corporations and other entities increased by $4.5 billion, or 11.4 per cent, largely attributable to a change in the methodology for recording bad debt expense associated with taxes receivable, which has resulted in the recording of expenses earlier in the fiscal year, higher personnel costs, and increased defence spending.

Public debt charges increased by $1.4 billion, or 7.4 per cent, largely reflecting higher average effective interest rates on an increased stock of marketable bonds and higher Consumer Price Index adjustments on Real Return Bonds, offset in part by lower short-term interest rates on treasury bills.

Net actuarial losses were up by $0.3 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 as at March 31, 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

	July			April to July		
	2025[1]	2026	Change	2025-26[1]	2026-27	Change
	($ millions)		(%)	($ millions)		(%)
Major transfers to persons						
Old Age Security program	6,833	7,242	6.0	27,043	28,459	5.2
Employment Insurance benefits	2,160	2,226	3.1	8,351	8,855	6.0
Children's benefits	2,346	2,428	3.5	9,743	10,119	3.9
Total major transfers to persons	11,339	11,896	4.9	45,137	47,433	5.1
Major transfers to provinces, territories and municipalities						
Canada Health Transfer	4,557	4,785	5.0	18,228	19,145	5.0
Canada Social Transfer	1,451	1,495	3.0	5,805	5,980	3.0
Equalization	2,181	2,263	3.8	8,723	9,053	3.8
Territorial Formula Financing	373	397	6.4	2,503	2,665	6.5
Canada-wide early learning and child care	548	1,034	88.7	2,416	2,049	-15.2
Build Communities Strong Fund - Community Stream	1,095	1,224	11.8	1,095	1,224	11.8
Health agreements with provinces/territories[2]	-	-	n/a	2,150	909	-57.7
Other fiscal arrangements[3]	-649	-677	-4.3	-2,454	-2,761	-12.5
Total major transfers to provinces, territories and municipalities	9,556	10,521	10.1	38,466	38,264	-0.5
Pollution pricing proceeds returned to Canadians	132	203	53.8	2,469	357	-85.5
Direct program expenses						
Other transfer payments	7,282	7,164	-1.6	26,080	29,319	12.4
Operating expenses	10,650	12,023	12.9	39,141	43,595	11.4
Total direct program expenses	17,932	19,187	7.0	65,221	72,914	11.8
Total program expenses, excluding net actuarial losses	38,959	41,807	7.3	151,293	158,968	5.1
Public debt charges	4,825	5,371	11.3	18,597	19,979	7.4
Total expenses, excluding net actuarial losses	43,784	47,178	7.8	169,890	178,947	5.3
Net actuarial losses	335	415	23.9	1,340	1,660	23.9
Total expenses	44,119	47,593	7.9	171,230	180,607	5.5

Note: Totals may not add due to rounding.

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

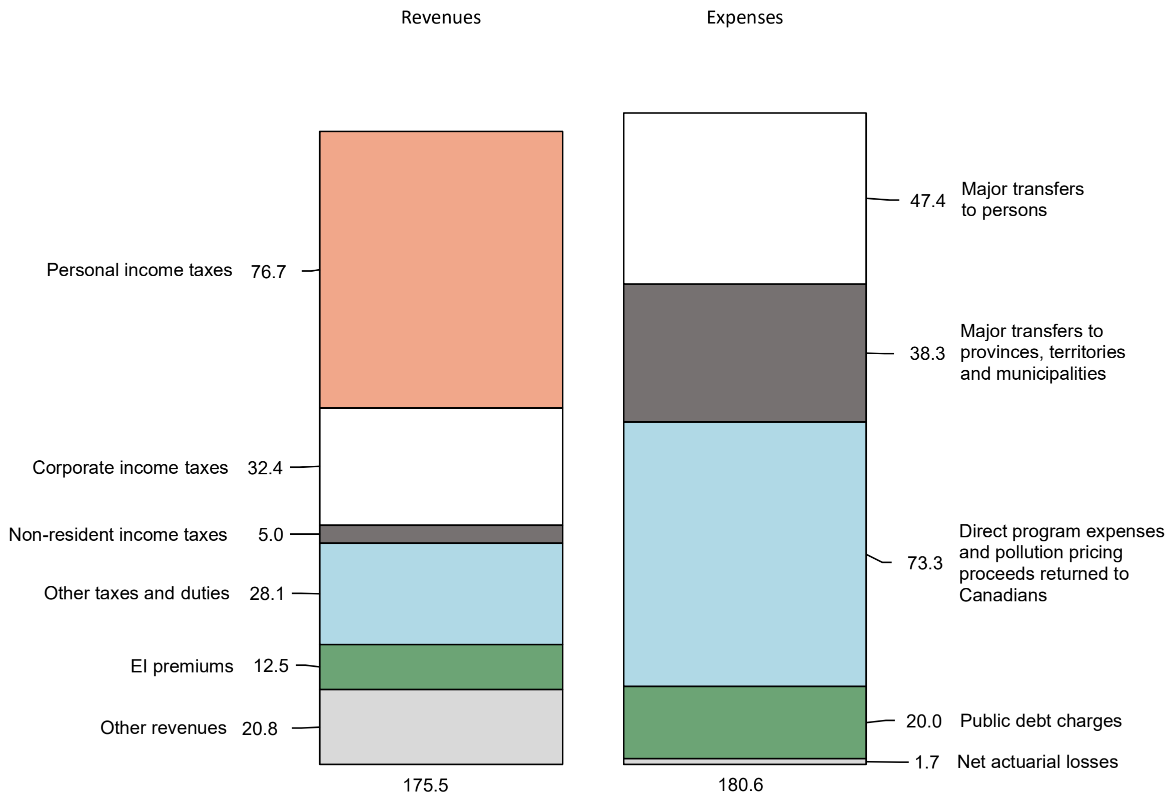
Table 4
Total expenses by object of expense

	July			April to July		
	2025[1]	2026	Change	2025-26[1]	2026-27	Change
	($ millions)		(%)	($ millions)		(%)
Transfer payments	28,309	29,784	5.2	112,152	115,373	2.9
Other expenses						
Personnel, excluding net actuarial losses	6,274	6,467	3.1	24,309	25,688	5.7
Transportation and communications	239	302	26.4	791	923	16.7
Information	46	26	-43.5	120	115	-4.2
Professional and special services	1,739	2,024	16.4	4,816	6,087	26.4
Rentals	503	541	7.6	1,879	1,984	5.6
Repair and maintenance	295	406	37.6	888	1,072	20.7
Utilities, materials and supplies	217	294	35.5	950	1,207	27.1
Other subsidies and expenses	850	1,495	75.9	3,344	4,645	38.9
Amortization of tangible capital assets	471	454	-3.6	1,993	1,839	-7.7
Net loss on disposal of assets	16	14	-12.5	51	35	-31.4
Total other expenses	10,650	12,023	12.9	39,141	43,595	11.4
Total program expenses, excluding net actuarial losses	38,959	41,807	7.3	151,293	158,968	5.1
Public debt charges	4,825	5,371	11.3	18,597	19,979	7.4
Total expenses, excluding net actuarial losses	43,784	47,178	7.8	169,890	178,947	5.3
Net actuarial losses	335	415	23.9	1,340	1,660	23.9
Total expenses	44,119	47,593	7.9	171,230	180,607	5.5

Note: Totals may not add due to rounding.

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

Chart 3
Revenues and expenses (April to July 2026)
$ billions



Note: Totals may not add due to rounding.

Financial requirement of $54.7 billion for April to July 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 $5.1 billion and a requirement of $49.6 billion from non-budgetary transactions, there was a financial requirement of $54.7 billion for the April to July 2026 period, compared to a financial requirement of $41.3 billion for the same period of the previous year.

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

	July		April to July	
	2025	**2026**	**2025-26**	**2026-27**
Budgetary balance (deficit/surplus)	-1,512	-4,768	-7,787	-5,138
Non-budgetary transactions				
Accounts payable, accrued liabilities and accounts receivable	-4,180	-5,678	-16,479	-27,038
Pensions, other future benefits, and other liabilities	95	262	2,242	2,532
Foreign exchange accounts and derivatives	-1,328	-772	2,412	-1,356
Loans, investments and advances	-2,071	-3,127	-18,510	-20,273
Non-financial assets	-1,807	-1,160	-3,210	-3,449
Total non-budgetary transactions	-9,291	-10,475	-33,545	-49,584
Financial source/requirement	-10,803	-15,243	-41,332	-54,722

Note: Totals may not add due to rounding.

Net financing activities up $59.6 billion

The government financed this financial requirement of $54.7 billion and increased cash balances by $4.8 billion by increasing unmatured debt by $59.6 billion. The increase in unmatured debt was achieved through the issuance of marketable bonds and treasury bills.

Cash balances at the end of July 2026 stood at $53.2 billion, down $19.7 billion from their level at the end of July 2025.

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

	July		April to July	
	2025	2026	2025-26	2026-27
Financial source/requirement	-10,803	-15,243	-41,332	-54,722
Net increase (+)/decrease (-) in financing activities				
Unmatured debt transactions				
Canadian currency borrowings				
Marketable bonds	26,178	20,638	55,324	37,711
Treasury bills	3,795	7,969	18,530	23,309
Total Canadian currency borrowings	29,973	28,607	73,854	61,020
Foreign currency borrowings	1,096	-73	-5,901	-1,345
Total market debt transactions	31,069	28,534	67,953	59,675
Obligations related to capital leases and other unmatured debt	-21	-23	89	-122
Net change in financing activities	31,048	28,511	68,042	59,553
Change in cash balance	20,245	13,268	26,710	4,831
Cash balance at end of period			72,850	53,168

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.

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September 2026