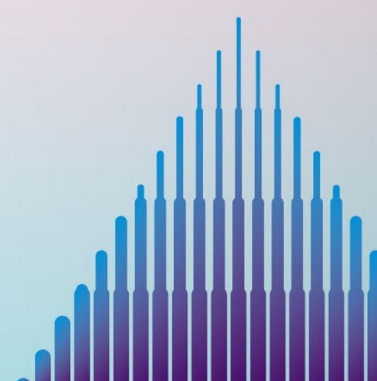




TaxNewsNow

Canada



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CRA Prescribed Rate Increases for Q4 2022

The CRA prescribed income tax interest rates will increase from the previous quarter.

The CRA prescribed income tax interest rates for taxable benefits, overpaid taxes and underpaid taxes will all increase by 1% in the fourth quarter of 2022 (October 1, 2022 – December 31, 2022).

The interest rate on overdue income taxes and penalties will increase to 7% (from 6%). The prescribed rate for refunds of overpaid tax will increase to 5% (from 4%) for non-corporate taxpayers and 3% (from 2%) for corporate taxpayers. Finally, the prescribed rate that applies to taxable benefits for employees and shareholders from interest-free and low-interest loans, as well as to prescribed rate family income-splitting loans will also increase to 3% (from 2%).

Prescribed rates for 2022 and 2021 are as follows:

	Taxable Benefits	Overpaid Taxes		Underpaid Taxes
		Corporations	Others	
2022				
October 1 – December 31	3%	3%	5%	7%
July 1 – September 30	2%	2%	4%	6%
April 1 – June 30	1%	1%	3%	5%
January 1 – March 31	1%	1%	3%	5%
2021				
October 1 – December 31	1%	1%	3%	5%
July 1 – September 30	1%	1%	3%	5%
April 1 – June 30	1%	1%	3%	5%
January 1 – March 31	1%	1%	3%	5%

KPMG Publications

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KPMG observations

Taxpayers may want to consider locking in family income-splitting loans before the prescribed rate increases to 3% (from 2%) on October 1, 2022. For further details on the requirements and tax implications of these loans, see *TaxNewsFlash-Canada 2022-32*, "[Lock in Family Income-Splitting Loans by June 30, 2022](#)", outlining similar opportunities in advance of the last increase in the prescribed rate to 2% (from 1%) on July 1, 2022.

For more information, contact your KPMG adviser.

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