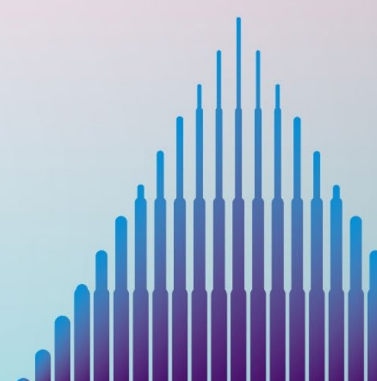




TaxNewsNow

Canada



February 7, 2023

CRA Prescribed Rate Increases Again for Q2 2023

The CRA prescribed income tax interest rates will increase for the fourth quarter in a row

The CRA prescribed income tax interest rates for taxable benefits, overpaid taxes and underpaid taxes will all increase by 1% in the second quarter of 2023 (April 1, 2023 – June 30, 2023).

The interest rate on overdue income taxes and penalties will increase to 9% (from 8%). The prescribed rate for refunds of overpaid tax will increase to 7% (from 6%) for non-corporate taxpayers and 5% (from 4%) 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 5% (from 4%).

Prescribed rates for 2023 and 2022 are as follows:

	Taxable Benefits	Overpaid Taxes		Underpaid Taxes
		Corporations	Others	
2023				
April 1 – June 30	5%	5%	7%	9%
January 1 – March 31	4%	4%	6%	8%
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%

KPMG observations

This will be the fourth quarter in a row that the prescribed income tax interest rates have risen. Taxpayers may want to consider locking in family income-splitting loans before April 1,

KPMG Publications

For the latest tax news, see KPMG's full line of tax publications available at www.kpmg.ca/taxnews.

2023 to lock-in the 4% prescribed rate. 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 when the prescribed rate was first set to increase in the third quarter of 2022.

For more information, contact your KPMG adviser.

kpmg.ca



[Contact Us](#) | [Manage my Subscriptions](#) | [Unsubscribe](#) | [KPMG in Canada Privacy Policy](#) | [KPMG On-Line Privacy Policy](#)
| [Legal](#)

Information is current to February 6, 2023. The information contained in this publication is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation. For more information, contact KPMG's National Tax Centre at 416.777.8500.

This email was sent to you by [KPMG](#). To sign up to receive other communications from us (we have some informative publications that may be of interest to you), or to stop receiving electronic messages sent by KPMG, visit the [KPMG Online Subscription Centre](#).

At KPMG we are passionate about earning your trust and building a long-term relationship through service excellence. This extends to our communications with you.

Our lawyers have recommended that we provide certain disclaimer language with our messages. Rather than including them here, we're drawing your attention to the following links where the full legal wording appears.

[Disclaimer concerning confidential and privileged information/unintended recipient](#)
[Disclaimer concerning tax advice](#)

© 2023 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.