Personal income tax

Interest and penalties on late taxes

The CRA (Canada Revenue Agency) may charge penalties if:

- You file your 2025 return late and owe tax
- You fail to report income on your 2025 return **and** also missed reporting income in 2022, 2023, or 2024
- You make a false statement or omit information on your 2025 return, either knowingly or through gross negligence

If the CRA (Canada Revenue Agency) issued a demand to file and charged a late-filing penalty for 2022, 2023, or 2024, your penalty for 2025 may be higher.

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Interest on your balance owing

If you owe taxes for 2025, the CRA (Canada Revenue Agency) charges compound daily interest starting the day after the due date. This applies to any unpaid amount, including amounts from reassessments.

If April 30 is a weekend or holiday

When a due date falls on a Saturday, Sunday or public holiday:

- Your return is considered on time if the CRA receives it, or it is postmarked, by the next business day
- Your payment is considered on time if it is received by the first business day after the due date

See Due dates and payments dates for details.

Interest rates

The CRA's interest rates can change every three months based on the prescribed interest rates.

Tax instalment interest

If you are required to pay tax instalments, you must pay by the instalment due dates.

Missing a payment due date may result in instalment interest.

Penalty for filing your return late

If you file after the due date and owe tax, you will be charged a late-filing penalty. Filing late can also delay your benefit and credit payments.

File on time even if you cannot pay

If you **cannot** pay your balance owing by the return due date, file on time to avoid being charged a late-filing penalty.

Penalty amounts

Late-filing penalty

- **5%** of your 2025 balance owing, **plus**
- **1%** of your 2025 balance owing for each full month late (up to 12 months)

Repeated late filing penalty

- **10%** of your 2025 balance owing, **plus**
- **2%** of your 2025 balance owing for each full month late (up to 20 months) if you were penalized in 2022, 2023, or 2024 and received a demand to file

Note: The late-filing penalty still applies even if you received COVID-19-related interest relief on 2020 taxes. **Archived**

Tax instalment penalty

You may pay a penalty if your instalments are late or **less than** required. The CRA (Canada Revenue Agency) applies the instalment penalty only if instalment interest for 2026 is **more than $1,000**.

Request to cancel or waive penalties or interest

You can ask the CRA (Canada Revenue Agency) to cancel or waive penalties or interest if circumstances beyond your control prevented you from meeting your tax obligations.

Requests must be submitted within a 10-year period ending in the calendar year the request is made.

See: Cancel or waive interest or penalties

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