



Issue Date: <b>September 2009</b>	Revised Date: <b>August 2023</b>	Responsible Agency: <b>Office of the Comptroller General</b>	Directive No: <b>915</b>
Chapter: <b>Accounting and Control of Revenue</b>			
Directive Title: <b>INTEREST AND ADMINISTRATIVE CHARGES ON MONEY OWING TO THE GOVERNMENT</b>			

## 1. POLICY

S.17(1) of the *Financial Administration Act (FAA)* allows the Financial Management Board, subject to the *Income Tax Act*, to direct that interest be charged at the prescribed rate on any late payment owing to the Government.

The rate and compounding frequency is prescribed in Interest Rate Regulations under the *FAA*. The current rate in effect is shown in Appendix A.

It is the policy of the Government to charge interest on amounts owing to the Government, subject to the provisions of this directive.

## 2. DIRECTIVE

Except where another agreement, enactment or contract specifically provides the interest rates for payment of interest to the Government, interest will be charged at the prescribed rate on all monies owed to the Government for taxes levied and for goods or services provided.

## 3. PROVISIONS

### 3.1. Charging of interest

- 3.1.1. The Minister of Finance or delegate may direct interest to be charged on monies due from the Federal, Provincial or Territorial governments on an item-by-item basis.
- 3.1.2. Departments charging interest must be able to identify the interest charged to each debtor and show this amount separately in each debtors account.

- 3.1.3. Departments must advise debtors of all interest charged to their account either by separate invoice or through a regular monthly statement of account.
- 3.1.4. All payments received for interest charged must be deposited to the consolidated revenue fund in accordance with Directive 909.
- 3.1.5. No interest is to be charged on the following monies owing to the Government:
- a) inter-department balances;
  - b) amounts due from Public Agencies or other governments, unless directed by the Minister of Finance;
  - c) amounts established through assistance programs;
  - d) amounts owing under agreements, legislation or regulation that preclude the charging of interest;
  - e) amounts prohibited under a court judgment;
  - f) accountable advances to individuals or organizations within the Government reporting entity;
  - g) accounts which have been identified as doubtful for collection by the Department of Finance;
  - h) from persons undergoing bankruptcy proceedings; or
  - i) where the charge for interest is the result of administrative or accounting errors by the Government.
- 3.1.6. Interest must be calculated at the rate and compounding frequency specified in Interest Rate Regulations under the *FAA*.
- 3.1.7. Interest earned must be recorded as revenue and not charged against an expense account.
- 3.1.8. Unless another enactment provides otherwise, interest received must be credited to the Department that generated the revenue.
- 3.1.9. Interest will cease to be accrued on any debt that is classified as Allowance for Doubtful Accounts.

- 3.1.10. Interest charges that have ceased to be accrued because an account has been considered uncollectable, or is undergoing bankruptcy proceedings, must be recommenced should the account subsequently be deemed collectable.
- 3.1.11. Interest that must be written off because of an administrative or accounting error, may be removed from the account and is not considered a write-off for purposes of s.24 of the *FAA* or Directives in the 917 series.
- 3.1.12. The appropriate Minister of a department or any public officer authorized in writing by that Minister may waive or reduce interest provided for in this directive where the administrative costs of accessing, billing and collecting the interest would exceed the amount owing.
- 3.2. Administrative Charges for Dishonored Items
- 3.2.1. Where an instrument tendered in payment or settlement of an amount due to the government is, for any reason, dishonored, an administrative charge of \$25 is payable by the debtor to the government.
- 3.2.2. Notwithstanding the above, no administrative charge becomes payable as a result of any error made or delay caused by the government in processing a payment or an instrument used to make a payment.
- 3.2.3. Administrative charges payable to the government are in addition to any interest payable to the government.
- 3.2.4. Where an instrument is tendered in payment, in whole or in part, of an amount owing to the government, including any interest payable, and that instrument is dishonored, the interest continues to accrue without taking into account the purported payment.



**APPENDIX A**

The interest rate to be charged on amounts owing to the Government, as established by regulation, is reviewed annually on April 1 of each year. The Comptroller General, on behalf of the Government of Nunavut will review and implement any changes to the Government of Nunavut rate.

Rate (Effective April 1, 2023)                      7.75%

**Prior period rates:**

The rates below are provided for calculation of interest to be charged on receivables outstanding from prior years. The applicable interest rate should be used for calculation of interest for the period during which that interest rate was effective.

Effective Date	PODD Rate
April 1, 2022	3.73%
April 1, 2021	3.50%
April 1, 2020	4.21%
April 1, 2019	5.00%
April 1, 2018	4.50%
April 1, 2017	3.75%

**Public Works and Public Services Canada website:**

<http://www.tpsgc-pwgsc.gc.ca/recgen/txt/tipp-ppir-eng.html>