

Canada Groceries and Essentials Benefit



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On January 26, 2026, the government [announced](#) that it will increase benefits under the Goods and Services Tax (GST) credit and rename the program. [Bill C-19](#) was tabled in the House of Commons on January 28, 2026, and it proposes to provide a one-time payment to individuals equal to 50 per cent of the GST credit's annual 2025-26 value and to raise the annual credit by 25 per cent for five years starting in July 2026.¹

The PBO estimates that this measure will cost \$12.4 billion over 2025-26 to 2030-31.

6-Year Cost

\$ millions

Fiscal year	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	Total
One-time payment	3,129	0	0	0	0	0	3,129
Annual increase	0	1,774	1,826	1,853	1,882	1,920	9,254
Total cost	3,129	1,774	1,826	1,853	1,882	1,920	12,383

Notes

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a deterioration in the budgetary balance (lower revenues or higher spending). A negative number implies an improvement in the budgetary balance (higher revenues or lower spending).
- Totals may not add due to rounding.

¹ For the one-time payment, the phase-in and phase-out rates will be doubled from 2 per cent and 5 per cent to 3 per cent and 7.5 per cent, respectively. This ensures that the number of qualifying individuals does not change for 2025-26. The one-time payment will be accrued in January 2026 with the cash payment being provided no later than June 2026.

Estimation and Projection Method

PBO adjusted the parameters of the Social Policy Simulation Database and Model (SPSD/M) to match the income tax and transfer system for calendar year 2025.² The income tax and transfer system was indexed to inflation for calendar years 2026 to 2029 using the CPI projection from the PBO's September 2025 Economic and Fiscal Outlook.

For calendar years 2025 to 2029, the PBO compared a scenario where the GST credit was adjusted to match the Canada Groceries and Essentials Benefit to a baseline scenario where the GST credit remained unchanged. The cost for calendar year 2030 was projected using the average growth rate in the GST credit over calendar years 2026 to 2029.

The results of the SPSD/M simulations were rescaled using Finance Canada's 2025 Report on Federal Tax Expenditures. The cost of the measure was accrued in July of each calendar year and matched to the corresponding fiscal year.

Sources of Uncertainty

The main source of uncertainty relates to the GST credit projections from the Report on Federal Tax Expenditures (2025) used to rescale the SPSD/M estimates. There is also uncertainty in the projected CPI used to index the tax and transfer system in future years. The PBO does not expect a significant behavioural impact. This costing note does not include the additional cost of Automatic Federal Benefits for Lower-Income Individuals as proposed in Budget 2025.

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Data Sources

Change in GST credit
[SPSD/M \(Version 30.3\)](#)

² This analysis is based on Statistics Canada's Social Policy Simulation Database and Model (SPSD/M). The assumptions and calculations underlying the SPSD/M simulation results were prepared by the Office of the Parliamentary Budget Officer and the responsibility for the use and interpretation of these data is entirely that of the PBO.

Consumer price index

September 2025 EFO

Goods and services tax credit

Report on Federal Tax Expenditures (2025)

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