

Federal Budget 2025: Department of Justice to explore changes to Tax Court rules

November 10, 2025

Federal Budget 2025 (Budget 2025), released on Nov. 4, 2025, includes an announcement by the Department of Justice detailing their intention to realize a 15 per cent savings in department spending over the next three years.

To achieve this savings goal, Budget 2025 suggests various changes will be implemented within the Department of Justice, including creating a leaner management structure and "reducing redundancies." However, it is not clear how the proposed changes will lead to the touted efficiencies and cost savings, and may lead to additional administrative costs in the long run.

Investment in AI

Budget 2025 states that the Department of Justice is planning to leverage AI to boost cost savings, with a total of \$140M to be injected into "modernizing government operations" over the next four years (see [Budget 2025, Annex 3](#), Table A3.17). The announcement is timely, in the wake of the expansion of AI infrastructure across Canada and Budget 2025's overall commitment to doubling down on AI technologies. Investment in modernization should be applauded, but it remains to be seen if the proposed efficiencies will be realized within the Department of Justice and are worth the significant upfront cost.

Informal procedure

Budget 2025 also states that the Department of Justice will "explore" changes to the [informal procedure rules](#) at the Tax Court of Canada as a way to "effectively deliver legal services" specifically, this by looking at raising the monetary thresholds for the informal procedure process that have been in place since 2013.

For taxpayers with smaller tax disputes (\$25,000 or less if income tax-related, and \$50,000 or less if GST/HST-related), the informal procedure rules offer a streamlined procedure that is intended to increase access to justice and be available to self-represented litigants. So long as the disputed amounts fall below these limits, a taxpayer is able to access this informal procedure. Informal procedure appeals can be more cost-

effective to pursue than a general procedure appeal: one example of this is that informal appeals do not include the discovery process, which can be costly.

While a review of the informal procedure rules may be necessary to minimize procedural hurdles and keep up with inflation, increasing the dollar value threshold may only raise the government's overall spend, not lower it. With a lower threshold, it is likely that more taxpayers will be seeking relief at the Tax Court, putting more strain on an already overloaded system.

Lower costs, but for whom?

Budget 2025 suggests that updates to the informal procedure rules will "lower litigation cost for Canadians and Canadian businesses and the federal government." These hypothetical cost savings appear to assume that the number of appeals being heard will remain consistent and that by raising the limits, matters bound for general procedure would be subject to the truncated informal procedure process. The reality is that there are likely to be many more matters heard under the informal procedure rules that would not otherwise be heard at all.

In an informal appeal, corporations can appear with self-represented counsel. Self-represented persons are generally not familiar with the complex rules that apply to general procedure. This can cause delays as the appeal progresses, with self-represented persons often needing assistance in navigating the court process. These delays cause additional time and costs being incurred by the Department of Justice.

If the threshold is hypothetically raised from \$25,000 to \$100,000, many more cases could be heard under the expedited process of informal procedure, likely increasing the number of delays. Both the Department of Justice and Tax Court of Canada resources and spending would likely increase in order to manage the influx of appellants.

Takeaways

Although changes to the informal procedure rules would be admirable and welcome from an access to justice perspective, it is doubtful any changes to the informal procedure rules would represent a cost savings to the federal government. The initial cost savings lies with persons who would have expanded access to the streamlined informal process, but the potential for an additional burden on the system means that Canadians will pay the costs for administering tax appeals one way or another.

By

[Laura Warrington](#), [Greg Rafter](#), [Ali Abdulla](#)

Expertise

[Tax](#), [Tax Disputes & Litigation](#)

BLG | Canada's Law Firm

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 725 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

blg.com

BLG Offices

Calgary

Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa

World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver

1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing unsubscribe@blg.com or manage your subscription preferences at blg.com/MyPreferences. If you feel you have received this message in error please contact communications@blg.com. BLG's privacy policy for publications may be found at blg.com/en/privacy.

© 2026 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.