Canada’s new criminal interest rate to take effect Jan 1, 2025

July 18, 2024

On June 19, 2024, the federal government published the final *Criminal Interest Rate Regulations* indicating that Canada’s new criminal interest rate will come into force on Jan. 1, 2025. We previously reported on Canada’s criminal interest rate reform in our article, *Criminal interest rate: Canada sets high stakes for high rates*.

Currently, the criminal interest rate under the *Criminal Code* is an effective annual rate of interest that exceeds 60 per cent. The government has lowered the rate, from the equivalent of approximately 48 per cent on an annual percentage basis, to an annual percentage rate (APR) that exceeds 35 per cent.

Exemptions

Commercial loans

The Criminal Interest Rate Regulations include exemptions from the criminal interest rate for commercial loans between $10,000 and $500,000 so long as these loans do not exceed an APR of 48 per cent. Commercial loans above $500,000 will not be subject to the criminal interest rate (commercial loans below $10,000 will be subject to the rate cap).

Pawn loans

Pawn loans are also exempt from the application of the criminal interest rate if the loan is less than $1,000 and then the APR does not exceed 48 per cent. Pawn loans over $1,000 will be subject to the new criminal interest rate.

Payday loans

The Criminal Interest Rate Regulations limit the cost of borrowing in provinces with payday lending regimes to $14 per $100 borrowed and limit the amount payday lenders can charge for dishonored payment instruments to $20 or less.

Additional amendments

As addressed in our article, *2024 Federal Budget: Money Talks*, the 2024 federal budget announced additional amendments to the criminal rate of interest, including the proposed introduction of a new advertising offence under the *Criminal Code* for offering to enter in an agreement or arrangement to receive interest at the criminal rate of interest or advertising an offer to enter into such an agreement or arrangement whereby the lender would receive interest at the criminal rate. The coming into force date for these amendments has not yet been announced.

Next steps

Absent reliance on any prescribed exemption, commercial and consumer lenders operating in Canada must update their documentation and credit underwriting process to comply with the new criminal interest rate when it takes effect in 2025.

For more information on Canada's Criminal Interest Rate Regulations, reach out to any of the key contacts listed below.

By

Suhuyini Abudulai

Expertise

Banking & Financial Services, Financial Services, Financial Services Regulatory

---

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 800 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.