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# Directive on Accounting Standards: GC 3410 Government Transfers

## Note to reader

This document is part of the Appendix A of the [Directive on Accounting Standards](#).

## A. Primary PSAS reference

PS 3410 Government transfers

## B. Effective date

April 1, 2017

## C. Government of Canada Consolidated Financial Statements

1. Transfer payments include the following: <sup>1</sup>

a. **Grants**

Grants are transfer payments to an individual or organization that are not subject to being accounted for by a recipient or normally audited by the department, but for which eligibility and entitlement may be verified or for which the recipient may need to meet preconditions. In certain circumstances, the recipient may be required to demonstrate continuous eligibility over the period of the grant. Grants are generally categorized as “other transfers” in Appendix B of PS 3410 (paragraphs B18-B20).

**b. Contributions**

Contributions are transfer payments to an individual or organization for a specified purpose pursuant to a funding agreement. The contribution is to be accounted for and is subject to audit. For some contributions, all or part of the contributions may be repayable if conditions specified in the funding agreement come into being. (Refer to GC 3050 Loans Receivable for those cases where contributions become repayable.) Contributions are generally categorized as “shared cost agreements: reimbursement versus financing arrangements” in Appendix B of PS 3410 (paragraphs B9 and B10).

**c. Other transfer payments**

Other transfer payments are transfer payments, other than grants and contributions, based on legislation or other arrangements that may be normally determined by a formula. Once payments are made, however, the recipient may redistribute the funds among the various approved categories of expenditure in the arrangement. Examples of

other transfer payments are transfers to other orders of government, such as equalization payments and the Canada Health and Social Transfer payments. Other transfer payments are generally categorized as “entitlements” in Appendix B of PS 3410 (paragraphs B7 and B8).

**d. Certain loans**

Forgivable loans, loans to be repaid through future government appropriations and the concessionary terms of some loans are considered to be transfer payments. Refer to PS 3050 Loans Receivable and GC 3050 Loans Receivable for the accounting treatment for these loans.

2. Further to PS 3410.14, all transfers of goods that are not capital assets or services shall be valued at the direct cost to the government of procuring the goods or services.
3. Departments and agencies are encouraged to consult with the Office of the Comptroller General of Canada for advice when the terms and conditions of significant contribution agreements are inconsistent with the normal practice of the department. For example, transfer payments which are made under statutory authority and for which there are no eligibility criteria will very likely have to be accrued for up front. The accounting implications for these and similar arrangements should be analyzed before final program authority is received.

## **D. Departmental Financial Statements**

4. Applies without additional policy choices or interpretation for Departmental Financial Statements.

## E. Other related references

[PS 3050 Loans receivable](#) <sup>2</sup>

[GC 3050 Loans Receivable](#)

[Policy on Transfer Payments](#)

[Directive on Transfer Payments](#)

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## Footnotes

- 1 Policy on Transfer Payments
  - 2 Please note that a CPA Canada membership or annual subscription is necessary to access this content.
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