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Tax Alert – Canada

Canada announces new border security legislation and further measures to protect steel and aluminum sectors

EY Tax Alerts cover significant tax news, developments and changes in legislation that affect Canadian businesses. They act as technical summaries to keep you on top of the latest tax issues. For more information, please contact your EY advisor or EY Law advisor.

On 3 June 2025, Bill C-2, *Strong Borders Act*, received first reading in the House of Commons. Bill C-2 proposes to amend a wide variety of legislation to secure Canadian borders, combat transnational organized crime and stop the flow of illegal fentanyl. It also aims to strengthen Canada's anti-money laundering and anti-terrorist financing regime. Notably, the *Customs Act* would be amended to provide the Canada Border Services Agency (CBSA) with additional tools to administer and enforce legislation within its ambit.

On 19 June 2025, the Government of Canada announced several measures to further protect Canada's steel and aluminum sectors, in addition to previously announced counter tariffs on imports of steel products, aluminum products and other goods from the United States (US). These measures are a response to 25% tariffs imposed by the US on imports of steel and aluminum articles effective 12 March 2025 (subsequently increased to 50% effective 4 June 2025).

This Tax Alert briefly summarizes the Bill C-2 amendments to the *Customs Act*, as well as the additional measures to protect the Canadian steel and aluminum industries.



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Proposed amendments to the *Customs Act*

Expanding the obligation to provide the CBSA with customs facilities

Currently, section 6 of the *Customs Act* requires an owner or operator of certain ports of exit and entry to provide, equip and maintain free of charge buildings, accommodation and other facilities for the purpose of enabling the Crown to detain and examine imported goods or to enable customs officers to search persons.

Bill C-2 expands section 6 to require an owner/operator to provide such facilities for carrying out any purpose related to administering or enforcing “program legislation”¹ (as defined under section 2 of the *Canada Border Services Agency Act*) by the CBSA. These requirements will apply to an owner or operator of:

- ▶ An international bridge or tunnel requiring payment of a toll or other charge to use;
- ▶ A railway operating internationally; or
- ▶ An airport, wharf or dock that receives conveyances operating internationally, whether they are arriving in, departing from or expected to depart from Canada, and for which a customs office has been designated.

As a transitional measure, an owner/operator may not initiate any action or judicial proceeding against the Crown for the reimbursement of any costs incurred for buildings, accommodation or other facilities used by the CBSA for administering and enforcing program legislation before these amendments come into force. Similarly, the Crown may not initiate proceedings for the reimbursement of any sum paid to the owner/operator with respect to such buildings, accommodation or other facilities before the amendments come into force.

Carrying out inspections relating to exports

Bill C-2 also amends Part V of the *Customs Act* to require an operator of a bonded warehouse or a sufferance warehouse to grant a CBSA officer free access to the warehouse on request. The officer may open any package or container of goods destined for export or remove any packaging from such goods.

Similar requirements will apply to a person who transports or causes to be transported within Canada goods that are destined for export. The person must, on request:

- ▶ Grant the officer free access to any place under the person’s control where goods destined for export are reported, loaded, unloaded or stored; and

¹ Program legislation includes a broad range of legislation such as the *Customs Act*; *Customs Tariff*; *Special Import Measures Act*; *Excise Act*; *Excise Act, 2001* and *Select Luxury Items Tax Act*, as well as any Act under which duties or taxes collected and paid in accordance with the *Customs Act* are imposed.

- ▶ Allow the officer to open any package or container of such goods or remove any packaging from those goods.

Additional protection for the Canadian steel and aluminum sectors

By way of background, the US imposed 25% tariffs on imports of steel and aluminum on 12 March 2025 in accordance with Proclamations 10895 and 10986. In response, Canada implemented the *United States Surtax Order (Steel and Aluminum 2025)*, SOR/2025-95, which imposed counter tariffs on imports of steel products, aluminum products and other goods from the US, effective 13 March 2025 (see EY Tax Alert 2025 Issue No. 15, [Canada imposes new tariffs on US-origin products in response to US tariffs on Canadian steel and aluminum products](#)). On 15 April 2025, the federal government announced a series of temporary relief measures for Canadian businesses affected by the US tariffs, including remission for surtaxes paid or payable under SOR/2025-95 in respect of goods imported for certain uses (see EY Tax Alert 2025 Issue No. 26, [Latest relief measures for Canadian businesses impacted by US tariffs](#)).

On 19 June 2025, Canada announced the following measures to further safeguard Canadian steel and aluminum producers and workers from US tariffs:

- ▶ Existing counter tariffs on steel and aluminum products will be adjusted on 21 July 2025, in accordance with progress made in recent trade negotiations with the US.
- ▶ Effective 30 June 2025, Canada will limit access to federal procurements to Canadian suppliers and to trading partners providing reciprocal access to Canadian suppliers through trade agreements. Canada is also continuing to explore ways to increase the use of domestic steel and aluminum in government-funded projects.
- ▶ To stabilize the domestic steel market and prevent harmful trade diversion resulting from recent US actions, Canada will establish new tariff rate quotas of 100% of 2024 levels on imports of steel products from non-free trade agreement partners. Canada will apply these quotas retroactively and review them in 30 days.
- ▶ Additional tariff measures will be introduced to counter risks associated with global overcapacity and unfair trade in the steel and aluminum sectors.
- ▶ To better monitor trade and market trends, the government will immediately establish two government-stakeholder task forces, one for steel and one for aluminum.

Canada is set to review its surtax remission framework to encourage the use of domestic steel and aluminum in Canadian-made products.

The new Large Enterprise Tariff Loan (LETL) facility continues to accept applicants. This measure provides financial support in the form of interest-bearing loans to large Canadian businesses that are encountering difficulties in obtaining financing from traditional market sources. EY Tax Alert [2025 Issue No. 26](#) provides additional details about the LETL facility.

Learn more

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