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Tax Alert – Canada

Canada imposes additional surtaxes on certain steel and aluminum goods

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 1 August 2025, the Canada Border Services Agency (CBSA) updated [Customs Notice 25-24, Order Imposing a Surtax on the Importation of Certain Steel Goods](#), to reflect the application of the *Order Amending the Order Imposing a Surtax on the Importation of Certain Steel Goods* (Amending Order), with respect to surtax provisions, which became effective 27 June 2025 on certain steel goods originating outside of Canada, the United States (US) or Mexico.

As announced on 16 July 2025, Canada introduced measures to stabilize the domestic steel market and prevent trade diversion in the wake of tariffs imposed by the US on imports of steel and aluminum goods. Specifically, Canada announced a 50% surtax on imports of steel products from countries with which Canada has a free trade agreement (FTA) if the tariff rate quota (TRQ) of 100% of 2024 levels has been exceeded. This new measure took effect on 1 August 2025. Canada also promised to reduce by half the TRQ applicable to imports of steel products from countries that do not have an FTA with Canada.

Imports of certain steel goods originating in non-FTA countries have been subject to a 50% surtax since 27 June 2025.

In addition, the *Steel Goods and Aluminum Goods Surtax Order* (SGAGS Order) was issued on 30 July 2025. The SGAGS Order imposes an additional 25% tariff on steel imports from all non-US countries containing steel melted and poured in China, as well as certain aluminum goods smelted and cast in China. The CBSA has published [Customs Notice 25-28, Steel Goods and Aluminum Goods Surtax Order](#) (Customs Notice 25-28), to provide information on the new surtax.



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Background

The *Order Imposing a Surtax on the Importation of Certain Steel Goods* (the Steel Order) came into force on 27 June 2025 and is scheduled to be repealed on 27 June 2026.

The Steel Order establishes a TRQ of 100% of 2024 levels on flat, long, pipe and tube, semi-finished and stainless-steel products that are imported for commercial purposes from countries that do not have an FTA with Canada. Imports of steel goods that exceed the TRQ for an applicable period are subject to a surtax of 50% of the goods' value for duty, as determined under sections 47 to 55 of the *Customs Act*. The surtax is in addition to any other duties owing, including customs duties, anti-dumping and countervailing duties, other surtaxes (e.g., SOR/2024-187, *China Surtax Order, 2024*) and any applicable taxes, such as GST/HST.

The surtax also applies to goods otherwise classifiable under Schedule 1, but that are classified under Chapter 99 of the List of Tariff Provisions, which includes tariff items that can be imported duty free.

For goods imported on or after 27 June 2025 and before 1 August 2025, the surtax applies to steel imports if:

- ▶ The quantity of the same class of goods imported during a quarterly period exceeds the prescribed limit for that period; or
- ▶ The quantity of the same class of goods originating in any one country exceeds the prescribed percentage for the quarterly limit.

Schedule 1 sets out the list of goods and their importation quotas subject to the surtax when they originate from a non-FTA country. Goods originating in a country listed in Schedule 2 (i.e., countries with which Canada has an FTA) are not subject to the surtax for imports of steel goods occurring during that period. The surtax applies to goods originating in a country not listed in Schedule 2, even if they are exported from a country listed in that schedule.

Subject to a transitional period from 1 August 2025 to 25 September 2025 (discussed under **Amending Order**), the TRQs apply from 27 June 2025 to 26 June 2026, in the following quarterly periods:

- ▶ 27 June 2025 to 25 September 2025;
- ▶ 26 September 2025 to 25 December 2025;
- ▶ 26 December 2025 to 26 March 2026; and
- ▶ 27 March 2026 to 26 June 2026.

For more information, see [EY Tax Alert 2025 No. 35, Canada: Surtax on steel, short supply consultations and DST rescinded](#).

Amending Order

The Amending Order implements TRQs of 100% of 2024 levels on imports of steel products for countries with which Canada has an FTA, other than the US or Mexico. As well, the TRQ levels for steel products from non-FTA countries are reduced from 100% to 50% of 2024 volumes, with the 50% surtax applying to imports exceeding the TRQ. The list of steel products to which the new TRQs apply has been modified, and the original classes of steel goods have been recategorized into 23 classes of goods.

Schedule 1 continues to set out the list of goods subject to the surtax and their applicable importation quotas when they originate from a non-FTA country. However, Schedule 2 now sets out a comparable list for goods originating from an FTA country, while the list of FTA countries is now contained in the new Schedule 3.

Effective 1 August 2025, the surtax applies to imports of steel goods originating in non-FTA countries if:

- ▶ The quantity of the same class of goods imported during a quarterly period exceeds the limit for that period in column 2 of Schedule 1; or
- ▶ The quantity of the same class of goods originating in any one country during a quarterly period exceeds the quantity determined by multiplying the percentage set out in column 3 of Schedule 1 by the total in column 2 of Schedule 1 for that class.

The surtax applies to imports of steel goods originating in FTA countries if:

- ▶ The quantity of the same class of goods imported during a quarterly period exceeds the limit for that period in column 2 of Schedule 2, or column 2.1 during the transitional period from 1 August 2025 to 25 September 2025 (transitional period); or
- ▶ The quantity of the same class of goods originating in any one country during a quarterly period exceeds the quantity determined by multiplying the percentage set out in column 3 of Schedule 2 by the total in column 2 of Schedule 2 for that class.

The surtax does not apply to the following goods:

- ▶ Steel goods originating in Canada, the US or Mexico;
- ▶ Casual goods¹, as defined by SOR/95-418, *Persons Authorized to Account for Casual Goods Regulations*, passed in accordance with the *Customs Act*;

¹ *Casual goods* are defined as any goods imported into Canada, other than goods imported for sale or for any commercial, industrial, occupational, institutional, or other like use. Casual goods are also exempt from the surtax for the period from 27 June 2025 to 31 July 2025, in accordance with the Steel Order.

- ▶ Steel goods classified under a tariff item of Chapter 98 of the List of Tariff Provisions², even if the goods are otherwise classifiable under a tariff item set out in Schedule 1; and
- ▶ Steel goods from non-FTA countries that were in transit to Canada on or before 27 June 2025, or steel goods from FTA countries that were in transit to Canada on or before 1 August 2025.

The TRQs apply for the same quarterly periods as set out in the Steel Order. However, the limits for the transitional period are pro-rated for FTA countries.

The Steel Order initially specified that any unused portion of the quarterly quota would be added to the next quarterly period. However, the Amending Order repeals this measure, effective 1 August 2025. As a result, unused TRQs from previous quarters will not be carried forward.

The 50% surtax is in addition to any other duties owing and any other taxes that may apply. However, effective 1 August 2025, this surtax is the only surtax that applies where goods would otherwise be subject to multiples surtaxes imposed under the *Customs Tariff*. For goods imported on or after 27 June 2025 and before 1 August 2025, this surtax applies in addition to any other applicable surtax.

SGAGS Order

The Department of Finance has indicated that the SGAGS Order's purpose is "to address risks associated with persistent global overcapacity and non-market policies and practices in the steel and aluminum sectors," which have been exacerbated by recent US trade measures.

The SGAGS Order imposes an additional 25% tariff on imports of certain steel goods melted and poured in China, as well as certain aluminum goods smelted and cast in China. The surtax is 25% of the value for duty of the imported goods, as determined in accordance with sections 47 to 55 of the *Customs Act*. The surtax is in addition to any other duties owing, including customs duties, anti-dumping and countervailing duties, and any applicable taxes, such as GST/HST.

The surtax applies to steel goods and aluminum goods that are listed in the Schedule to the SGAGS Order. As well, the surtax applies to goods classified under a tariff item of Chapter 99 of the List of Tariff Provisions, if such goods are otherwise classifiable under a tariff item set out in the Schedule to the SGAGS.

² Steel goods classified under a tariff item of Chapter 98 are also exempt from the surtax for the period from 27 June 2025 to 31 July 2025, in accordance with the Steel Order.

For purposes of the SGAGS Order, goods contain steel melted and poured in China if the raw steel (or any portion thereof) contained in the goods was first produced in a liquid state in a steel-making furnace and poured into its first solid state, in the form of a semi-finished or finished steel mill product, in China.

Goods are considered to contain aluminum smelted and cast in China if:

- ▶ The largest volume or, if any, the second largest volume of primary aluminum contained in the goods was produced in China; or
- ▶ The aluminum contained in the goods was most recently liquified and cast into a solid state, in the form of a semi-finished or finished aluminum product, in China.

The surtax does not apply to the following steel and aluminum goods:

- ▶ Goods for which the cumulative value for duty of all goods subject to the SGAGS Order and accounted for under a single Commercial Accounting Declaration is \$5,000 or less;
- ▶ Goods subject to a surtax under the *China Surtax Order (2024)*;
- ▶ Casual goods;
- ▶ Goods classified under a tariff item of Chapter 98 of the List of Tariff Provisions, even if the goods are otherwise classifiable under a tariff item set out in the Schedule to the SGAGS Order;
- ▶ Goods that originate in the US, as determined under the *Determination of Country of Origin for the Purpose of Marking Goods (CUSMA Countries) Regulations*; and
- ▶ Goods that are in transit to Canada on 31 July 2025 or that were in transit before the surtax came into force.

Customs Notice 25-28 indicates that “in transit to Canada” means goods bound for but not yet arrived in Canada, and under a carrier’s control. Importers must provide documentation showing that goods were in transit to Canada, such as shipping documents, report of entry documents, and cargo control documents.

For imports of steel goods and aluminum goods into Canada occurring on or after 31 July 2025 and before 22 September 2025, an importer is required to show that China is not the country of melt and pour (COM) or country of smelt and cast (CSC) by providing a certificate, report or commercial invoice to that effect. Customs Notice 25-28 indicates that the certificate or report can be any of the following:

- ▶ A mill test certificate, mill test report, or material test certificate;
- ▶ A certificate of conformance, compliance, inspection or analysis;
- ▶ A certified inspection report;

- ▶ A metallurgical test report; or
- ▶ A chemical analysis certificate.

However, effective 22 September 2025, the CBSA will accept only certificates for the purpose of verifying the COM or CSC. Reports and commercial invoices will not be accepted.

Learn more

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