

2025 Issue No. 55
8 December 2025

Tax Alert – Canada

Canada announces new measures for steel imports

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 26 November 2025, Prime Minister Mark Carney [announced](#) that Canada will reduce tariff rate quotas on certain steel imports and impose a new global tariff on a specific list of steel-derivative products. These measures, which are effective on 26 December 2025, are aimed at transforming the Canadian steel industry.

The federal government will also begin to phase out the remission program for Canadian counter-tariffs on certain US imports, beginning on 31 January 2026.

In this Tax Alert, we provide a brief summary of certain measures announced as part of this announcement.

Reduction of tariff rate quotas on steel imports

Broadly speaking, tariff rate quotas allow a certain amount of steel to be imported into Canada tariff-free. Once the quota amount is reached, tariffs apply to subsequent steel imports.

The following changes will become effective 26 December 2025:

- ▶ Tariff rate quotas for countries that do not have a free trade agreement with Canada will be reduced from 50% to 20% of 2024 levels; over-quota volumes will continue to face a 50% surtax; and
- ▶ Tariff rate quotas for countries that have a free trade agreement in force with Canada will be reduced from 100% to 75% of 2024 levels; over-quota volumes will continue to face a 50% surtax.



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As noted in the announcement, Canada will continue to honour its existing Canada-United States-Mexico Agreement carve-out; consequently, the US and Mexico will continue to be exempted from this requirement.

Introduction of global tariff on specific steel-derivative products

Effective 26 December 2025, Canada will impose a 25% tariff on the full value of listed steel derivative products from all countries. Initially, this measure will apply to a list of steel derivative products produced in Canada, which includes derivatives for which steel content is a large portion of the full value of the product.

The initial list of steel derivative products categories includes:

- ▶ Certain shapes of iron/non-alloy steel;
- ▶ Doors and windows;
- ▶ Wire, ropes, cables and chains;
- ▶ Fasteners (e.g., nails, screws);
- ▶ Structures (e.g., prefabricated buildings, bridges and wind towers);
- ▶ Steel and iron cloth, grille and netting; and
- ▶ Seating with metal frame and certain metal furniture.

The announcement states that the list is expected to be periodically updated to reflect changes in market conditions.

Expiration of remission of counter-tariffs on certain US goods

The federal government previously introduced temporary remission of counter-tariffs on US imports that are used in Canada for manufacturing, processing, food and beverage packaging, or agricultural production. This remission was originally set to expire on 15 December 2025. It will now expire on 31 January 2026.

Goods used for the manufacturing of automobiles, auto parts and aerospace products will continue to be eligible for remission. Aluminum products will also continue to be eligible for remission beyond 31 January 2026.

In addition, importers will continue to be eligible for remission under the framework published on 4 March 2025, which provides remission in exceptional circumstances, such as where inputs cannot be sourced in Canada.

Learn more

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