

2025 Issue No. 59
18 December 2025

Tax Alert – Canada

Information released with respect to measures announced to protect Canada's steel industry

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 12 December 2025, the Minister of Finance and National Revenue announced various measures to support the Canadian steel industry. These measures were first announced by Prime Minister Mark Carney on 26 November 2025.¹

Effective 26 December 2025, Canada will further reduce the tariff-rate quota (TRQ) levels for certain imports of steel products from non-free trade agreement partners, as well as for certain imports from countries with which Canada has a free trade agreement (FTA) (excluding Mexico and the United States (US)).

Canada will also impose a 25% global tariff on certain imported steel derivative products effective 26 December 2025. This measure will apply to various categories of derivatives for which steel content is a large portion of the product's full value.

Finally, Canada will end the temporary remission of counter-tariffs on certain steel imports from the US that are used in Canada for manufacturing, processing, food and beverage packaging, or agricultural production, applicable to imports occurring after 31 January 2026, whereas the temporary remission of counter-tariffs on aluminum imports from the US and used in the same applications will end on 30 June 2026. In addition, the remission period has been extended to 30 June 2026 for certain imported goods, in order to support Canadian businesses as they adjust their supply chains to switch from imported sources to domestic supply.

¹ For more information, see EY Tax Alert 2025 Issue No. 55, [Canada announces new measures for steel imports](#).



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TRQ reductions

Canada introduced TRQs of 50% of 2024 levels on imports of certain steel products from countries that do not have an FTA with Canada, effective 27 June 2025. TRQs for certain steel products from countries with which Canada has an FTA (other than the US and Mexico) were set at 100% of 2024 volumes, effective 1 August 2025. In either case, a 50% surtax applies to imports exceeding 2024 levels. The surtax does not apply to goods originating from the US or Mexico.

The *Order Amending the Order Imposing a Surtax on the Importation of Certain Steel Goods*, SOR/2025-266 (Surtax Amendment Order), makes the following changes to TRQ levels for steel imports effective 26 December 2025:

- ▶ TRQs for countries that do not have an FTA with Canada will be reduced from 50% to 20% of 2024 levels; and
- ▶ TRQs for non-CUSMA countries that have an FTA with Canada will be reduced from 100% to 75% of 2024 levels.

The 50% surtax will continue to apply to over-quota volumes. 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. There are no new exclusions for goods in transit.

The Surtax Amendment Order also removes one tariff classification number from the structural steel product class and reassigns tariff classification numbers among the line pipe, large diameter line pipe and standard pipe product classes, with corresponding volume adjustments.

The following tables show the maximum quantity of certain select goods that may be imported under the TRQs for each quarterly period before the surtax applies, as well as the maximum share for any one country. For a full list of the 23 goods affected by the revised TRQs and more information about the related administrative changes, see the Global Affairs Canada publication [*Notice to importers: Item 82 - Steel goods - Serial No. 1160*](#).

Non-FTA countries			
Product class	Quota for each quarterly period from 26 December 2025 (kilograms)	Maximum share from quarterly quota period from 26 December 2025 for any single country	Quota for quarterly period from 1 August 2025 to 25 December 2025 (kilograms) ²
Steel billets and blooms	30,472,500	70%	76,181,000
Steel plate	5,201,200	36%	13,003,000
Rebar	13,445,100	29%	33,613,000
Oil country tubular goods	3,126,500	53%	7,816,000

FTA countries (non-CUSMA)			
Product class	Quota for each quarterly period from 26 December 2025 (kilograms)	Maximum share from quarterly quota period from 26 December 2025 for any single country	Quota for quarterly period from 1 August 2025 to 25 December 2025 (kilograms) ³
Steel billets and blooms	17,649,400	40%	23,533,000
Steel plate	54,354,900	30%	72,473,000
Rebar	28,710,400	45%	38,281,000
Oil country tubular goods	9,800,800	86%	13,068,000

The revised TRQs apply to the following quarterly periods:

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

² Due to quota volume changes and product class recategorization, quantities of steel goods that were imported from non-FTA countries between 27 June 2025 and 31 July 2025 were accounted for in accordance with a transitional measure.

³ TRQs did not apply to non-CUSMA FTA countries until 1 August 2025. As a result, a transitional period applied from that date to 25 September 2025.

Steel derivative goods

In accordance with the *Steel Derivative Goods Surtax Order*, SOR/2025-267, Canada will impose a 25% tariff on the full value of certain steel derivative products from all countries, effective 26 December 2025. Specifically, the tariff will apply to:

- ▶ Goods classified under a tariff item set out in the schedule; and
- ▶ Goods classified under a tariff item of Chapter 99 of the List of Tariff Provisions that would be otherwise classifiable under a tariff item set out in the schedule.

The 25% tariff will apply to a variety of goods made with steel, such as wind prefabricated buildings, wire, cable, chain, fasteners and metal office furniture.

The 25% tariff will not apply to:

- ▶ Goods that are subject to a tariff under the *China Surtax Order (2024)*, the *United States Surtax Order (Steel and Aluminum 2025)*, the *Order Imposing a Surtax on the Importation of Certain Steel Goods* or the *Steel Goods and Aluminum Goods Surtax Order*;
- ▶ Goods that are “casual goods,”⁴ as defined in section 2 of the *Persons Authorized to Account for Casual Goods Regulations* passed under the *Customs Act*;
- ▶ Goods that are classified under a tariff item of Chapter 98 of the List of Tariff Provisions, even if the goods are classifiable under a tariff item set out in the schedule;
- ▶ Goods that are imported before 1 July 2026 for use in the manufacture of:
 - ▶ Motor vehicles or chassis for motor vehicles; or
 - ▶ Parts of or accessories for motor vehicles or chassis for motor vehicles;
- ▶ Goods that are imported before 1 July 2026 for use in:
 - ▶ Aircraft, ground flying trainers or spacecraft; or
 - ▶ Parts of aircraft, ground flying trainers or spacecraft;
- ▶ Utility wind towers, and sections of those towers, that are classified under tariff item 7308.20.00 and imported for installation in energy projects located west of the Ontario-Manitoba border; and
- ▶ Goods that are in transit on 26 December 2025 or the day the Order is registered after that day.

⁴ The regulations define “casual goods” as any goods imported into Canada other than goods imported for sale or for any commercial, industrial, occupational, institutional or other like use.

The Department of Finance has indicated that remission requests may be granted if goods cannot be sourced domestically or if there are other exceptional circumstances that could have severe adverse impacts on the Canadian economy.

Extension of remission order

The *United States Surtax Remission Order (2025)*, SOR/2025-122, provides relief for surtaxes on certain goods imported from the US, including goods used to support public health, health care, public safety and national security objectives, as well as goods imported for use in Canadian manufacturing, processing, and food and beverage packaging. This order, which was issued on 16 April 2025, initially provided a six-month relief period for surtaxes paid or payable under the *United States Surtax Order (2025-1)*, the *United States Surtax Order (Steel and Aluminum 2025)* or the *United States Surtax Order (Motor Vehicles 2025)* in respect of eligible goods. The remission period was later extended by two months to apply to eligible goods imported before 16 December 2025.

The *Order Amending the United States Surtax Remission Order (2025)*, SOR/2025-269, extends remission periods as follows:

- ▶ The remission period for steel goods used for manufacturing, processing, food and beverage packaging, or agricultural production in Canada is extended to 31 January 2026 (subject to the exception for motor vehicles and aerospace products described below);
- ▶ The remission period for aluminum goods used for manufacturing, processing, food and beverage packaging, or agricultural production in Canada is extended to 30 June 2026; and
- ▶ The remission period for any goods used for public health, health care, public safety and national security purposes is extended to 30 June 2026.

As mentioned, remission is also available for steel goods imported for use in:

- ▶ Manufacturing motor vehicles or chassis for motor vehicles, or manufacturing parts of or accessories for motor vehicles or chassis for motor vehicles; or
- ▶ Aircraft, ground flying trainers or spacecraft, or related parts.

Remission is available for qualifying steel goods imported into Canada on or after 1 February 2026 and before 1 July 2026.

Learn more

For additional information with respect to this Tax Alert, please contact the following EY Global Trade professionals:

Sylvain Golsse, Partner

+1 416 932 5165 | sylvain.golsse@ca.ey.com

Kristian Kot

+1 250 294 8384 | kristian.kot@ca.ey.com

Denis Chrissikos

+1 514 879 8153 | denis.chrissikos@ca.ey.com

EY Law LLP (Canada)

Helen Byon, Partner

+1 613 598 0418 | helen.byon@ca.ey.com

Peter Jarosz, Counsel

+1 613 563 6256 | peter.jarosz@ca.ey.com

Nadja Momcilovic

+1 613 598 6928 | nadja.momcilovic@ca.ey.com

Jackie Leahy

+1 604 899 3534 | jackie.leahy@ca.ey.com

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