

2026 Issue No. 4  
14 January 2026

## Tax Alert – Canada

### CBSA issues its 2026 trade compliance verification list update

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.

The Canada Border Services Agency (CBSA) released its January 2026 update to the trade compliance verification priorities list, continuing its commitment to ensuring proper compliance with Canadian trade laws.<sup>1</sup>

The CBSA's latest update reflects ongoing and new areas of focus, including tariff classification, enforcement of surtax orders, and other compliance strategies.

## Background

To maintain trade compliance, the CBSA requires importers to:

- ▶ Classify commercial goods under the appropriate tariff classification;
- ▶ Accurately declare the origin and value of goods; and
- ▶ Pay the appropriate duties and taxes on imported goods.

The CBSA conducts trade compliance verifications to assess adherence to customs legislation and ensure accurate trade data reporting.

<sup>1</sup> [Trade compliance verification](#).

## Verification and compliance priorities

### January 2026 priorities

This year's priorities address recently imposed tariffs on certain Chinese and US-origin goods, including:

- ▶ Enforcement of China Surtax Orders (electric vehicles, steel and aluminum);
- ▶ Enforcement of United States Surtax Orders (steel, aluminum and motor vehicles); and
- ▶ Surtax on the importation of certain steel goods.

Additionally, the CBSA is prioritizing origin verifications under the following key free trade agreements:

- ▶ The Canada-United States-Mexico Agreement with respect to the automotive industry;
- ▶ The Canada-European Union Comprehensive Economic and Trade Agreement; and
- ▶ The Canada-United Kingdom Trade Continuity Agreement.

Imports of supply-managed goods continue to be part of the CBSA's compliance agenda. Issues targeted for 2026 include:

- ▶ Importing supply-managed goods under the Duties Relief Program; and
- ▶ Tariff rate quota and classification of the following supply-managed goods:
  - ▶ Frozen desserts containing 5% dairy;
  - ▶ Cheese treats for dogs (animal feed preparations under heading 23.09); and
  - ▶ Spent fowl products.

Compliance with obligations for payment of GST and excise taxes at the border are also prioritized, specifically with respect to:

- ▶ GST exemption codes;
- ▶ Vaping products; and
- ▶ Precious metals.

A new priority to be included as a compliance priority for 2026 includes energy commodities and final accounting, including verifications on electricity imports under Chapter 27 of the *Customs Tariff*.

For tariff classification, the verification and compliance priorities are outlined in the table below.

Verification priority: tariff classification		
Gloves (Round 3)	Bags (Round 3)	Spent fowl (Round 3)
LED lamps (Round 2)	Frozen desserts	China Surtax Order (2024): Electric vehicles
China Surtax Order (2024): Steel and aluminum	United States Surtax Order (2025-1)	United States Surtax Order (Steel and Aluminum 2025)

## Key details

- ▶ **Gloves (Round 3):** Risk of misclassification under Harmonized System (HS) Headings 39.26 and 42.03 instead of Chapters 61 or 62 of the *Customs Tariff*.
- ▶ **Bags (Round 3):** Risk of misclassification under HS Heading 42.02.
- ▶ **Spent fowl:** Risk of misclassification under HS Headings 02.07, 16.01, and 16.02.
- ▶ **LED lamps (Round 2):** Risk of misclassification under HS Heading 85.39 instead of 94.05.
- ▶ **Frozen desserts:** Risk of misclassification under HS Heading 2105.00.10.
- ▶ **China Surtax Order (2024): Electric vehicles:** Surtax of 100% applies to certain Chinese-made EVs.
- ▶ **China Surtax Order (2024): Steel and aluminum:** Surtax applies to steel/aluminum from China.
- ▶ **United States Surtax Order (2025-1):** Surtax of 25% applies to certain US-origin goods.
- ▶ **United States Surtax Order (Steel and Aluminum 2025):** Surtax of 25% applies to certain steel/aluminum imports of US origin.

## CARM as a compliance tool

The CBSA continues to leverage the CBSA Assessment Revenue Management (CARM) system to validate duties and taxes, address non-compliance and modernize enforcement through targeted and timely interventions.

## Other CBSA compliance tools

In addition to trade verifications, the CBSA continues to use its compliance intervention tools:

- ▶ **Trade advisory notices:** Notices prompting importers to review declarations for potential non-compliance.
- ▶ **Compliance validation letters:** Requests for further information where non-compliance is suspected.
- ▶ **Directed compliance letters:** Formal notifications of non-compliance with monetary assessments.

While traditional verifications are comprehensive and labour-intensive, intervention tools are intended by the CBSA to provide a more efficient, targeted approach to promote voluntary compliance by enabling early corrections of errors and reducing non-compliance costs where recurring importations repeat undetected errors.

## Takeaways for importers

Importers should ensure proactive compliance strategies, including proper documentation and ongoing review of classification, valuation and origin data.

CBSA verifications can be time-consuming and costly for importers. Companies must be proactive and adopt an informed compliance mindset. Best practices include implementing programs, frameworks and methodologies to help maintain and continuously improve customs and trade compliance management profiles.

## Learn more

For more information, please contact one of the following EY Global Trade professionals:

**Sylvain Golsse, Partner**

+1 416 932 5165 | [sylvain.golsse@ca.ey.com](mailto:sylvain.golsse@ca.ey.com)

**Kristian Kot**

+1 250 294 8384 | [kristian.kot@ca.ey.com](mailto:kristian.kot@ca.ey.com)

**Denis Chrissikos**

+1 514 879 8153 | [denis.chrissikos@ca.ey.com](mailto:denis.chrissikos@ca.ey.com)

**EY Law LLP (Canada)**

**Helen Byon, Partner**

+1 613 598 0418 | [helen.byon@ca.ey.com](mailto:helen.byon@ca.ey.com)

**Peter Jarosz, Counsel**

+1 613 563 6256 | [peter.jarosz@ca.ey.com](mailto:peter.jarosz@ca.ey.com)

**Nadja Momcilovic**

+1 613 598 6928 | [nadja.momcilovic@ca.ey.com](mailto:nadja.momcilovic@ca.ey.com)

**Jackie Leahy**

+1 604 899 3534 | [jackie.leahy@ca.ey.com](mailto:jackie.leahy@ca.ey.com)

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