

2019 Issue No. 37
16 September 2019

Tax Alert – Canada

Canada to remit surtaxes collected on certain imports of heavy steel plate and stainless steel wire

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.

Effective 23 August 2019, the *Surtax on the Importation of Certain Steel Goods Remission Order* (Surtax Remission Order) relieves surtax paid since October 2018 on seven types of imported heavy steel plate and one type of imported stainless steel wire.¹

Background

On 25 October 2018, the Government of Canada began applying provisional global safeguard surtaxes and tariff rate quotas (TRQs) on imports of seven categories of steel goods:

- ▶ Heavy steel plate
- ▶ Concrete reinforcing bar
- ▶ Energy tubular products
- ▶ Hot-rolled sheet
- ▶ Pre-painted steel
- ▶ Stainless steel wire
- ▶ Wire rod²

¹ SOR/2019-315.

² Customs Notice 18-17, *Provisional Safeguard Measures Imposed on the Importation of Certain Steel Goods*. See also [EY Tax Alert 2018-35](#).

The provisional safeguards applied to the subject imported goods from all countries except for those originating in Canada, Chile, Colombia, Mexico, Panama, Peru, the Republic of Korea, the United States (US), Israel or another CIFTA beneficiary, and World Trade Organization (WTO) Member countries that are a beneficiary of the General Preferential Tariff (GPT).³

In parallel to the imposition of the surtaxes, the Canadian International Trade Tribunal (CITT) conducted a safeguard inquiry concerning the future importation into Canada of the aforementioned goods.⁴ On 3 April 2019, the CITT concluded its inquiry and recommended that only two of the seven categories of imported steel goods (heavy steel plate and stainless steel wire) should be subject to final surtaxes and TRQs.⁵

Pursuant to the CITT's findings, final safeguard measures on heavy steel plate and stainless steel wire became effective as of 13 May 2019.⁶ However, prior to the imposition of these final safeguards, on 9 May 2019, the CITT was directed under the terms of the Exclusions Inquiry Order to conduct an inquiry regarding exclusion requests concerning certain heavy plate and stainless steel wire subject to safeguard measures.⁷ On 15 July 2019, the CITT submitted its final report to the Governor in Council and recommended that exclusions be granted for seven types of heavy steel plate and one type of stainless steel wire.^{8 9} As a result, the *Order Amending the Order Imposing a Surtax on the Importation of Certain Steel Goods (Exclusions)* came into effect on 23 August 2019 (the *Order Amending the Surtax Order*).¹⁰ This Order excludes the products recommended by the CITT from the application of safeguard measures, in consideration of the fact that there is no domestic supply available in Canada.¹¹

Surtax remission process

The Surtax Remission Order remits safeguard surtaxes already paid on imports of goods excluded under the Order Amending the Surtax Order and released by the Canada Border Services Agency (CBSA) between 25 October 2018 and 23 August 2019.¹² Remission will be granted to importers of the excluded goods if:

- ▶ No other claim for relief of the surtax, or the portion of the surtax, as applicable, has been granted under the *Customs Tariff* in respect of those goods; and

³ Subject goods from GPT beneficiary countries were exempt from surtax as long as the share of imports from such a country does not exceed 3% of total imports of each good, provided that imports from countries accounting for less than 3% of import share do not collectively account for more than 9% of total imports of each good. See also [EY Tax Alert 2019-22](#).

⁴ Order in Council P.C. 2018-1275.

⁵ Canadian International Trade Tribunal - *Safeguard Inquiry into the Importation of Certain Steel Goods, Inquiry No. GC-2018-001*. See [EY Tax Alert 2019-17](#).

⁶ SOR/2019-127.

⁷ GC-2018-001-E1.

⁸ GC-2018-001-E1.

⁹ For a complete listing of the exclusions, see Table 1 in Customs Notice 19-08, *Final Safeguard Measures Imposed on the Importation of Certain Steel Goods*.

¹⁰ SOR/2019-313.

¹¹ Regulatory Impact Analysis Statement to SOR/2019-313.

¹² Customs Notice 19-08, *Final Safeguard Measures Imposed on the Importation of Certain Steel Goods*.

- ▶ A claim for remission is made by the importer to the Minister of Public Safety and Emergency Preparedness within two years after the date of the importation of those goods.¹³

Importers of the subject goods must file a Form B2, Canada Customs - Adjustment Request with the CBSA Trade Programs Office under section 74(1)(g) of the *Customs Act*. In addition, importers will need to provide product literature, technical specifications and any other relevant documentation that substantiates whether the goods correspond to the exclusions eligible for remission.¹⁴ As the CBSA will likely process remission applications on a first-come, first-serve basis, importers must ensure that their submissions are complete and accurate to avoid delays or even refusal of their request for surtax remission.

Learn more

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

Toronto

Sylvain Golsse

Canadian Leader, Global Trade

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

Mike Cristea

+1 416 932 4432 | mihai.cristea@ca.ey.com

Krystal Hicks

+1 416 943 2518 | krystal.hicks@ca.ey.com

Quebec and Atlantic Canada

Michael Zobin

+1 514 879 2711 | michael.zobin@ca.ey.com

Calgary

Shannon Baxter

+1 403 956 5703 | shannon.baxter@ca.ey.com

¹³ Customs Notice 19-08, *Final Safeguard Measures Imposed on the Importation of Certain Steel Goods*.

¹⁴ Customs Notice 19-08, *Final Safeguard Measures Imposed on the Importation of Certain Steel Goods*.

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization and may refer to one or more of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

About EY's Tax Services

EY's tax professionals across Canada provide you with deep technical knowledge, both global and local, combined with practical, commercial and industry experience. We offer a range of tax-saving services backed by in-depth industry knowledge. Our talented people, consistent methodologies and unwavering commitment to quality service help you build the strong compliance and reporting foundations and sustainable tax strategies that help your business achieve its potential. It's how we make a difference.

For more information, visit ey.com/ca/tax.

About EY Law LLP

EY Law LLP is a national law firm affiliated with EY in Canada, specializing in tax law services, business immigration services and business law services.

For more information, visit eylaw.ca.

About EY Law's Tax Law Services

EY Law has one of the largest practices dedicated to tax planning and tax controversy in the country. EY Law has experience in all areas of tax, including corporate tax, human capital, international tax, transaction tax, sales tax, customs and excise.

For more information, visit <http://www.eylaw.ca/taxlaw>

© 2019 Ernst & Young LLP. All Rights Reserved.

A member firm of Ernst & Young Global Limited.

This publication contains information in summary form, current as of the date of publication, and is intended for general guidance only. It should not be regarded as comprehensive or a substitute for professional advice. Before taking any particular course of action, contact EY or another professional advisor to discuss these matters in the context of your particular circumstances. We accept no responsibility for any loss or damage occasioned by your reliance on information contained in this publication.