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Tax Alert – Canada

Government of Canada implementing new permit and reporting requirements for aluminum and 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.

The Government of Canada has implemented new reporting requirements for imports of carbon steel, speciality steel products and aluminum products in a bid to improve Canada's steel and aluminum import regime and meet its commitments under the *Joint Statement by Canada and the United States on Section 232 Duties on Steel and Aluminum* (Joint Statement).¹

Background

On 31 May 2018, the US announced the application of Section 232 tariffs on imports of Canadian origin steel and aluminum products. In response, the Government of Canada imposed countermeasures on 1 July 2018 and initiated dispute settlement proceedings at the World Trade Organization (WTO) and under the North American Free Trade Agreement (NAFTA) dispute settlement provisions. On 17 May 2019, both the US section 232 tariffs and the Canadian countermeasures were removed as agreed to in the Joint Statement. As part of the agreement, Canada and the US agreed to establish a monitoring process for the aluminum and steel trade.²

¹ In addition to the new reporting requirements discussed in this Tax Alert, Canada has also recently amended the *Special Import Measures Regulations* to enhance its trade remedy system. See [EY Tax Alert 2019-38](#). For background, please see [EY Tax Alerts 2018-23](#) and [2019-21](#).

² Regulatory Impact Analysis Statement to SOR/2019-316.

Impact

As Canada does not currently monitor imports of aluminum, effective 1 September the *Import Control List* has been amended to add alloyed and not-alloyed unwrought aluminum products, and wrought aluminum products limited to bars, rods, profiles, wires, plates, sheets, strips, foils, tubes and pipes, tube and pipe fittings and other articles of castings and forgings to the list of articles controlled for monitoring purposes.³ *General Import Permit No. 83 - Aluminum Products* (GIP 83)⁴ will now be required to import the aluminum goods added to the *Import Control List*. GIP 83 also includes a reporting requirement; Global Affairs Canada (GAC) may send a request to the importer to provide records and documents relating to the country of origin, price or quantity of the imported aluminum in respect of any goods imported during the specified period in the request. The importer must provide the requested documentation within 10 days after receipt of a request from GAC. The import documentation for each shipment of aluminum products must indicate a reference to GIP 83.⁵

Although Canada already monitors imports of carbon steel and specialty steel products, importers of these goods were not subject to reporting requirements. Following recommendations from consultations with industry stakeholders and to implement Canada's commitments under the Joint Statement, effective 26 August 2019 *General Import Permit No. 80 - Carbon Steel* and *General Import Permit No. 81 - Specialty Steel Products* have been amended to add a reporting and recordkeeping requirement for goods imported under these permits.⁶

Carbon steel products include semi-finished products (ingots, blooms, billets, slabs and sheet bars), plate, sheets and strip, wire rods, wire and wire products, railway-type products, bars, structural shapes and units, pipes and tubes made of carbon steel. These items are covered by Harmonized System (HS) headings 7206-7229 of the *Customs Tariff*.

Specialty steel products include stainless steel flat-rolled products (sheet, strip and plate), stainless steel bar, stainless steel pipe and tube, stainless steel wire and wire products, alloy tool steel, mold steel and high-speed steel. These items are covered by HS headings 7301-7302, 7304-7306, 7308, 7312-7313 and 7317 of the *Customs Tariff*.

Akin to the reporting requirements for aluminum products, upon request from GAC, importers must provide, within 10 days from the request, records and documents relating to the country of origin, price or quantity of the imported carbon steel or specialty steel products in respect of any import effected during the specified period in the request. The import documentation for each shipment of carbon steel or specialty steel products must indicate the appropriate GIP permit.⁷

³ SOR/2019-316, s.1.

⁴ The Commodity Codes Handbook contains the specific Harmonized System codes of the goods covered by GIP 83.

⁵ Notice to Importers - General Import Permit No. 83 - Aluminum Products; SOR/2019-319.

⁶ SOR 2019-318.

⁷ Notice to Importers - Steel General Import Permits No. 80 and 81 - Carbon and Specialty Steel Products.

For GIPs 80, 81 and 83, importers must maintain documents and records for a period of six years after the year in which the respective import was made.⁸ Both the steel and aluminum import monitoring programs do not limit the quantity of products that can be imported into Canada.⁹

Learn more

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⁸ SOR/2019-317; SOR/2019-318; SOR/2019-319.

⁹ Notice to Importers - General Import Permit No. 83 - Aluminum Products; SOR/2019-319; Notice to Importers - Steel General Import Permits No. 80 and 81 - Carbon and Specialty Steel Products.

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