

2024 Issue No. 51
29 October 2024

Tax Alert – Canada

Canada begins to levy surtaxes on imports of Chinese steel and aluminum products and announces remission order process

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 22 October 2024, in accordance with the *China Surtax Order (2024)* and sections 47 to 55 of the *Customs Act*, a 25% surtax will apply to Chinese-produced steel and aluminum goods imported into Canada.¹

Canadian businesses may be eligible for remission of any surtax paid or payable. Priority will be given to remission requests submitted to the Department of Finance before 8 November 2024.²

Application of the surtax

On 26 August 2024, the Government of Canada announced that a 25% surtax would be applied against Chinese steel and aluminum products to protect workers and businesses in the Canadian steel and aluminum sectors against Chinese trade policies. The surtax was to be effective as of 15 October 2024. For additional information, see EY Tax Alert 2024 Issue No. 47, [Canada imposes surtaxes on imports of Chinese EVs, steel and aluminum products, and considers surtaxes on critical manufacturing goods](#).

On 1 October 2024, the government released the final list of goods subject to the 25% surtax, which is available on the Department of Finance [website](#). The government also revised the application date of the surtax to 22 October 2024.³

¹ [Customs Notice 24-36: China Surtax Order \(2024\) - Steel and Aluminum \(cbsa-asfc.gc.ca\)](#)

² [Canada announces tariff remission process for Canadian businesses importing certain Chinese goods - Canada.ca](#)

³ [Canada taking further action to protect workers and critical industries against unfair Chinese competition - Canada.ca](#)

The surtax is applicable to:

- ▶ Both commercial and personal importations, including goods shipped to Canada from a country other than China;
- ▶ Goods released from a Customs Bonded Warehouse or Suffrance Warehouse on or after 22 October 2024, regardless of the date of importation; and
- ▶ Goods eligible for classification in the tariff items of Chapter 99 of the Schedule to Canada's Customs Tariff (except for goods that are temporarily imported into Canada for repair or re-imported into Canada after being exported for repair) even though the goods are entitled to the Most-Favoured-Nation zero customs duty rate under that Chapter.

The surtax will not apply to:

- ▶ Goods eligible for classification in the tariff items of Chapter 98 of the Schedule to the Customs Tariff, other than the prohibited importation tariff items of 9897.00.00, 9898.00.00 and 9899.00.00; and
- ▶ Chinese goods that are in transit to Canada on the day on which the surtax comes into force.

The Duties Relief Program and the Duty Drawback Program are available to importers for surtax paid or owed by Canadian businesses, subject to the provisions of the Canada-United States-Mexico Agreement.

Remission of surtax

Canadian businesses may seek a refund or relief from the payment of surtaxes applicable to Chinese steel and aluminum.⁴ Remissions may be applied retroactively to the effective date of the surtaxes.

Remission requests are limited to the following instances:

- ▶ Situations in which goods used as inputs (or substitutes for those goods) cannot be sourced either domestically or reasonably from non-Chinese sources;
- ▶ Situations in which contractual requirements, existing prior to 26 August 2024, require Canadian businesses to purchase Chinese inputs in their products or projects for a specified period of time; and
- ▶ Other exceptional circumstances, to be determined on a case-by-case basis, that could have significant adverse impacts on the Canadian economy.

⁴ [Process for requesting remission of surtaxes that apply on certain goods from China - Canada.ca](#)

Learn more

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