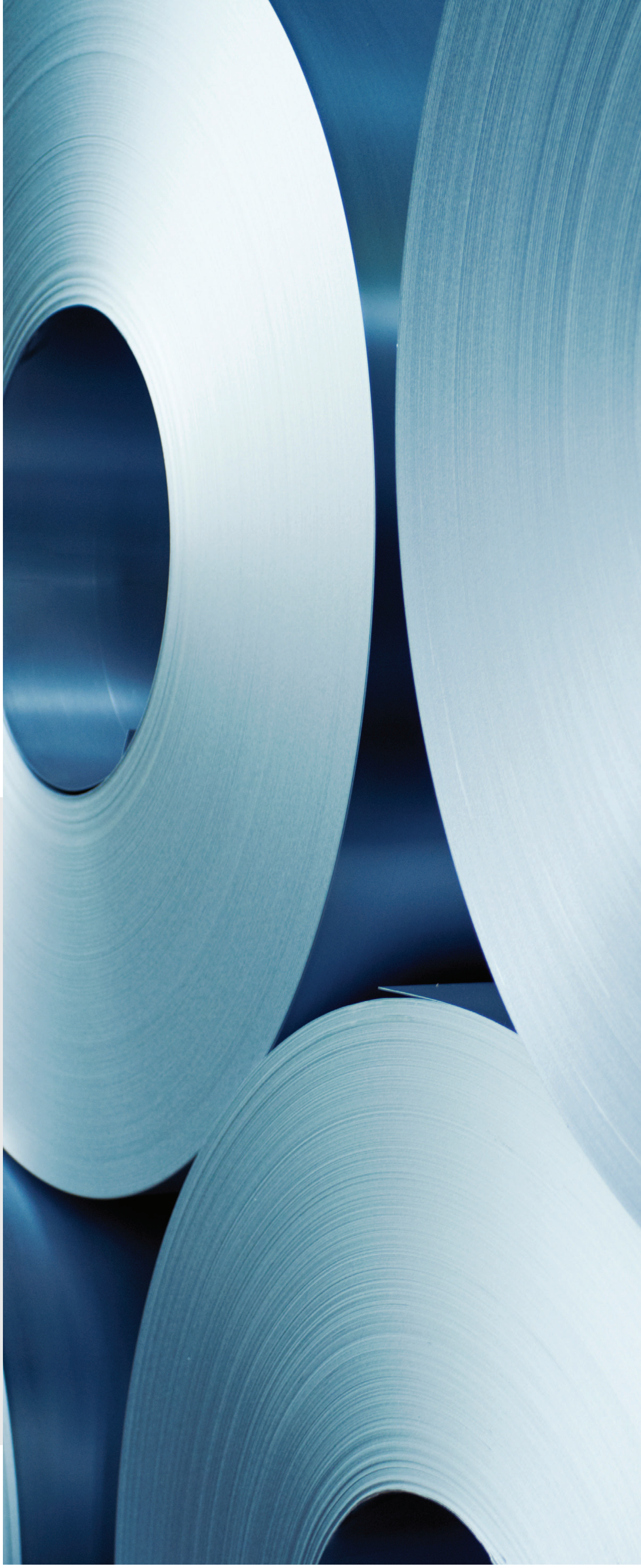
TRADE CONSULTING

# UNDERSTANDING CANADA'S STEEL AND ALUMINUM GOODS SURTAX ORDER

Effective July 31, 2025, certain steel/aluminum goods imported into Canada are subject to a surtax and, after September 22, 2025, enhanced documentation will be required. Exemptions include U.S. goods and in-transit items. Relief available under CUSMA.



STEEL & ALUMINUM SURTAX FAQ TO CUSTOMS NOTICE 24-28

**What is the Steel and Aluminum Goods Surtax Order?**

Effective July 31, 2025, certain steel and aluminum goods imported into Canada are subject to a 25% surtax if they contain:

Steel melted and poured in China

Aluminum smelted and cast in China

This surtax is applied in addition to any other duties or taxes and is calculated based on the value for duty as defined in sections 47 to 55 of the Customs Act.

**Which goods are affected?**

Goods listed in the Schedule to the Surtax Order[1] Include:

Steel and aluminum goods imported for commercial purposes

Goods classified under Chapter 99 of Canada's Customs Tariff, even if they would otherwise qualify for reduced or duty-free rates

**How is "steel melted and poured in China" defined?**

Goods are considered to contain steel melted and poured in China if:

The raw steel (or any portion of it) was first produced in a liquid state in a steel-making furnace and poured into its first solid state in China

If an importer fails to provide documentation proving otherwise, the goods are deemed to contain steel from China.

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**How is "aluminum smelted and cast in China" defined?**

Goods are considered to contain aluminum smelted and cast in China if:

- The largest or second-largest volume of primary aluminum was produced in China
- The aluminum was most recently liquified and cast into a solid state in China

Failure to provide acceptable documentation will result in the goods being deemed to contain aluminum from China.

**What documentation is required to prove origin of steel or aluminum?**

Importers must have one of the following available upon request:

- Commercial invoice
- Mill test certificate/report
- Material test certificate
- Certified inspection report
- Metallurgical test report
- Certificate of conformance, compliance, inspection, or analysis
- Chemical analysis certificate

Important: Starting September 22, 2025, commercial invoices and reports alone will no longer be acceptable to demonstrate country of melt and pour (COM) or smelt and cast (CSC).

**Is this documentation the same as proof of origin?**

No. Documentation for COM/CSC may differ from proof of origin required under trade agreements or tariff treatments. Proof of origin may include:

- Commercial invoice
- Canada Customs invoice
- Other documents indicating country of origin, as per the Customs Act and applicable trade agreements

**How is the surtax calculated?**

- The surtax is 25% of the value for duty of the imported goods. This is calculated according to the Customs Act and is in addition to:
- Regular customs duties
- Anti-dumping or countervailing duties
- Applicable taxes

**What happens if I don't provide documentation?**

- If requested documentation is not provided or is deemed unacceptable:
- The goods will be deemed to contain steel or aluminum from China
- The 25% surtax will apply
- The Canada Border Services Agency (CBSA) may conduct a verification and recalculate the surtax owed

**Are there any relief programs available?**

- Yes. Importers may be eligible for Canada's:
- Duties Relief Program
- Duty Drawback Program

These programs may offer relief for surtax paid or owed, subject to conditions under the Canada-United States-Mexico Agreement (CUSMA). Goods of U.S. or Mexico origin may be eligible for full relief if CUSMA criteria are met.

**How is the value for duty determined for surtax purposes?**

The value for duty must be calculated according to sections 47 to 55 of the Customs Act. Refer to the Customs Valuation Handbook for more details.

**What costs are excluded under the transaction value method?**

The following costs are excluded from the transaction value:

- Transportation, insurance, and associated costs incurred after the goods begin their direct journey to Canada
- Canadian customs brokerage fees included in the price paid
- Estimates of transportation costs are not acceptable

**Can the CBSA re-determine the surtax amount?**

Yes. The CBSA may re-determine:

- Origin
- Tariff classification
- Value for duty
- Any undeclared surtax amounts
- This is done under the Determination, Re-determination and Further Re-determination Regulations

**Will goods be examined or verified?**

Yes. Goods may be subject to:

- Import examinations
- Post-release verifications
- Non-compliance may result in:
- Surtax imposition
- Additional duties and taxes
- Penalties and interest

**Can importers request advance rulings?**

Yes. For predictability, importers may request advance rulings before importation. These include:

- National Customs Ruling (NCR)
- Advance Ruling for Origin under FTAs
- Advance Ruling for Tariff Classification

**Can the surtax itself be appealed?**

No. The rate and imposition of the surtax by the Governor in Council is not appealable under the Customs Tariff or Customs Act.

However, CBSA determinations regarding the applicability of the surtax may be appealed under the Customs Act.

## ARE ANY GOODS EXEMPT FROM THE SURTAX?

Yes. The following are not subject to the surtax:

| Exception Type | Description |
|---|---|
| In-transit goods | Goods en route to Canada before July 31, 2025. Proof such as bills of lading or cargo documents is required |
| U.S.-origin goods | Goods originating in the U.S. as per CUSMA marking regulations |
| Low-value shipments | Goods with a cumulative value for duty ≤ $5,000 under a single CAD. Non-subject goods in the same CAD are excluded |
| China Surtax Order | Goods already subject to the 2024 China Surtax Order |
| Casual goods | Defined under section 2 of the Persons Authorized to Account for Casual Goods Regulations |
| Chapter 98 goods | Goods classified under Chapter 98 of Canada's Customs Tariff |

1. Schedule to the Steel Goods and Aluminum Goods Surtax Order: https://orders-in-council.canada.ca/attachment.php?attach=47486&lang=enare