



Regulatory News: Alerts & Updates

The United States Surtax Order (2025-1)

April 17, 2025

On March 4, 2025, the Canada Border Services Agency (CBSA) released [Customs Notice 25-10](#), announcing the implementation of the United States Surtax Order (2025-1). This order applies a 25% surtax on certain goods originating from the United States (U.S.). The surtax is a response to the U.S. government's actions imposing additional tariffs on Canadian goods and energy imported into the U.S., effective March 4, 2025.

The United States Surtax Order (Steel and Aluminum 2025)

On March 12, 2025, the CBSA released [Customs Notice 25-11](#), announcing the implementation of the United States Surtax Order (Steel and Aluminum 2025). This order applies a 25% surtax on certain goods originating from the U.S. The surtax is a response to the U.S. government's actions imposing tariffs on Canadian steel and aluminum products imported into the U.S. from Canada, effective March 12, 2025.

The United States Surtax Order (Motor Vehicles 2025)

On April 8, 2025, the CBSA released [Customs Notice 25-15](#), announcing the implementation of [United States Surtax Order \(Motor Vehicles 2025\)](#). This order applies a 25% surtax on motor vehicles originating from the U.S. The surtax is in response to the U.S. government imposing tariffs on Canadian-origin automobiles and automobile parts.

GENERAL INFORMATION

1. What is the United States Surtax Order (2025-1), the United States Surtax Order (Steel and Aluminum 2025), and the United States Surtax Order (Motor Vehicles 2025)?

The [United States Surtax Order \(2025-1\)](#), the [United States Surtax Order \(Steel and Aluminum 2025\)](#), and the [United States Surtax Order \(Motor Vehicles 2025\)](#) are Canadian measures that impose an additional 25% surtax on certain goods originating from the United States (U.S.). These surtaxes are a response to the U.S. government's actions imposing tariffs on Canadian goods and energy, products of steel and aluminum, and automobiles and automobile parts imported into the U.S. These surtaxes are not a regular duty and are in addition to any normally applicable duties and taxes; they are applied even when the imported goods are duty-free under the Canada-United States-Mexico Agreement (CUSMA).

2. When did the surtaxes take effect?

The United States Surtax Order (2025-1) took effect on **March 4, 2025**, the United States Surtax Order (Steel and Aluminum 2025) took effect on **March 13, 2025**, and the United States Surtax Order (Motor Vehicles 2025) took effect on **April 9, 2025**.

3. What goods are subject to the surtaxes?

The surtaxes apply to certain U.S.-origin goods listed in the Schedule of the [United States Surtax Order \(2025-1\)](#), the Schedules of the [United States Surtax Order \(Steel and Aluminum 2025\)](#), and the Schedules of the [United States Surtax Order \(Motor Vehicles 2025\)](#), identified by their 6-digit Harmonized System (HS) codes, regardless of export country or where the goods are shipped from.

4. What is the purpose of the surtaxes?

The surtaxes are a retaliatory measure in response to the U.S. government's imposition of additional tariffs on Canadian goods and energy, products of steel and aluminum and automobiles and automobile parts.

IMPACT TO IMPORTERS

5. Who is affected by the surtaxes?

The surtax applies to both commercial and casual/non-commercial resident and non-resident importers of U.S.-origin goods into Canada.

6. How are the surtaxes calculated?

The surtax is calculated as 25% of the [value for duty \(VFD\)](#) of the imported goods. This is in addition to any other duties and taxes owed.

Exclusions for motor vehicles qualifying under CUSMA

For motor vehicles that qualify under CUSMA, the value of the goods originating in Canada or Mexico is excluded from the VFD for the purposes of calculating the surtax. A standard deduction of 15% will be applied to the VFD, reflecting the assumed value of the Canadian and Mexican-origin components used in production. Importers seeking to claim an exclusion amount greater than 15%, must obtain sufficient supporting documentation of goods that originate in Canada or Mexico used in the production of the motor vehicle and provide it to the CBSA upon request. For additional details, refer to [Customs Notice 25-15](#).

Example 1: Goods with MFN duty rate of 0 %

The VFD of an imported good subject to a surtax is \$150. The imported good has a Most Favoured Nation (MFN) duty rate of 0%. The applicable surtax is 25%, as per the Schedule to the United States Surtax Order (2025-1) or Schedules to the United States Surtax Order (Steel and Aluminum 2025).

The amount of surtax is calculated as follows:

- $\$150 \text{ (VFD)} \times 0.25 \text{ (\% surtax)} = \$37.50 \text{ (surtax payable)}$

Customs duties and taxes are to be calculated as follows:

- $\$150 \text{ (VFD)} \times 0 \text{ (\% MFN duty)} = \0 (customs duty)
- $\$150 \text{ (VFD)} + \$37.50 \text{ (surtax payable)} + \$0 \text{ (customs duty)} = \$187.50 \text{ (value for tax)}$
- $\$187.50 \times 0.05 \text{ (\% GST)} = \9.38 (GST)
- Total of surtax, customs duty, and GST payable is $\$37.50 + \$9.38 = \$46.88$

Example 2: Goods with MFN duty, anti-dumping duty, and surtax

The VFD of an imported good subject to a surtax is \$150. The imported good has a Most Favoured Nation (MFN) duty rate of 5% and is subject to anti-dumping duties of \$34. The applicable surtax is 25%, as per the Schedule to the United States Surtax Order (2025-1) or Schedules to the United States Surtax Order (Steel and Aluminum 2025).

The amount of surtax is calculated as follows:

- $\$150 \text{ (VFD)} \times 0.25 \text{ (\% surtax)} = \$37.50 \text{ (surtax payable)}$

Customs duties and taxes are to be calculated as follows:

- $\$150 \text{ (VFD)} \times 0.05 \text{ (\% MFN duty)} = \$7.50 \text{ (customs duty)}$
- $\$150 \text{ (VFD)} + \$37.50 \text{ (surtax payable)} + \$7.50 \text{ (customs duty)} + \$34.00 \text{ (anti-dumping duties)} = \$229.00 \text{ (value for tax)}$
- $\$229.00 \times 0.05 \text{ (\% GST)} = \11.45 (GST)
- Total of surtax, customs duty, anti-dumping duty, and GST payable is $\$37.50 + \$34.00 + \$7.50 + \$11.45 = \$90.45$

Example 3: Motor vehicle entitled to the United States Tariff (15% deduction)

An imported motor vehicle has a VFD of \$30,000 and qualifies for the United States Tariff (UST) under CUSMA, which has 0% duty rate. The applicable surtax under the United States Surtax Order (Motor Vehicles 2025) is 25%. Since the vehicle qualifies under CUSMA, a 15% deduction is applied to the VFD to account for Canadian and Mexican-origin components. Therefore, the surtax is calculated based on 85% of the VFD.

The surtax is calculated as follows:

- $\$30,000 \text{ (VFD)} \times 0.15 \text{ (\%)} = \$4,500 \text{ (value of excluded Canadian/Mexican content)}$
- $\$30,000 - \$4,500 = \$25,500 \text{ (adjusted VFD for surtax)}$
- $\$25,500 \text{ (VFD for the purposes of surtax calculation)} \times 0.25 \text{ (\% surtax)} = \$6,375 \text{ (surtax payable)}$

Customs duties and taxes are to be calculated as follows:

- $\$30,000 \text{ (VFD)} \times 0 \text{ (\% UST duty)} = \0 (customs duty)
- $\$30,000 \text{ (VFD)} + \$6,375 \text{ (surtax payable)} + \$0 \text{ (customs duty)} = \$36,375 \text{ (Taxable value for GST)}$
- $\$36,375 \times 0.05 \text{ (\% GST)} = \$1,818.75 \text{ (GST)}$
- Total of surtax, customs duty, and GST payable is $\$6,375 + \$1,818.75 = \$8,193.75$

7. What is the value for duty (VFD)?

The primary method used to calculate VFD is the 'Transaction Value Method'. Using this method, the VFD is based on the price paid or payable for the goods. For more details, refer to [Memorandum D13-3-1](#).

8. Do the surtaxes apply to casual/non-commercial goods that qualify for *de minimis* treatment?

Yes, the surtax applies even to U.S.-origin goods eligible for *de minimis* treatment under the [Courier Imports Remission Order](#) (shipment valued at CA\$40 or less exported from the U.S. or Mexico; or CA\$20 exported from elsewhere).

9. What documentation is required for commercial goods?

Commercial importers must provide **proof of origin documentation** (e.g., a certificate or certification of origin) as outlined in the [Canada-United States-Mexico Agreement \(CUSMA\)](#).

10. How is the origin of casual goods determined?

For casual goods, the **country-of-origin markings** on the shipment documentation will be used. If no information is provided and there is no evidence that the goods originate from another country, the goods will be assumed to originate from the U.S. when shipped from the U.S.

EXCEPTIONS TO THE SURTAXES

11. Are there any exceptions to the surtaxes?

Yes, the surtax does not apply to:

- Goods in transit to Canada on or before the effective date of the Surtax Orders. See below:
 - March 4, 2025 – For goods listed in the Schedule of the United States Surtax Order (2025-1)
 - March 13, 2025 – For goods listed in the Schedules of the United States Surtax Order (Steel and Aluminum 2025)
 - April 9, 2025 – For goods listed in the Schedules of the United States Surtax Order (Motor Vehicles 2025)

- Goods returning to Canada that were previously imported and duty-paid.
- Goods imported for repair/alteration or returning after repair/alteration in the U.S.
- Certain goods classified under **Chapter 40**, **Chapter 98**, or **Chapter 99** of the [Canadian Customs Tariff](#).
- Goods eligible for remission under the [Akwesasne Residents Remission Order](#).

12. Do goods classified under Chapter 98 or Chapter 99 qualify for exceptions?

Yes, except for specific Harmonized System (HS) codes listed in the order (e.g., 9804.30, 98.25, 98.26, 9897.00.00, 9898.00.00, 9899.00.00, 9966.00.00, 9971.00.00, and 9989.00.00). Additionally, only HS codes listed in Schedule 1 and 3 of the United States Surtax Order (Steel and Aluminum 2025) are exempt when further classified under Chapter 99 (Schedule 2 is excluded).

13. What goods classified under Chapter 40 qualify for exceptions?

Goods under heading 40.11 that are for use as original equipment in the production of any vehicle, machine or appliance referred to under that heading, including Original Equipment Manufacturer (OEM) tires.

14. Who would be responsible for paying the surtaxes?

The party (individual or business) acting as the importer of record for the goods would be responsible for paying the surtaxes, along with any applicable duties and taxes.

RELIEF AND DRAWBACK PROGRAMS

15. Can importers claim relief for surtaxes paid?

Yes, the [Duties Relief](#) and [Duty Drawback](#) programs are available for surtaxes paid or payable, subject to the provisions of the [Canada-United States-Mexico Agreement \(CUSMA\)](#).

ADDITIONAL RESOURCES

16. Where can I find the complete list of impacted goods?

The complete list of impacted goods is available in the Schedule of the [United States Surtax Order \(2025-1\)](#), the Schedules of the [United States Surtax Order \(Steel and Aluminum 2025\)](#), and the Schedules of the [United States Surtax Order \(Motor Vehicles 2025\)](#), organized by 6-digit Harmonized System (HS) codes. Alternatively, you can find a complete list of impacted goods organized by 8-digit HS codes and corresponding descriptions on the [Department of Finance Canada website](#) for the United States Surtax Order (2025-1), the United States Surtax Order (Steel and Aluminum 2025), and the United States Surtax Order (Motor Vehicles 2025).

17. Where can I get more information about surtaxes?

Refer to [Memorandum D16-1-1](#) for detailed information on the application, collection, and adjustment of surtaxes, or visit the [Government of Canada's Trade Commissioners website](#).

18. Who can I contact for further assistance?

For more information, contact the **Border Information Service (BIS)**:

- Toll-free in Canada and the U.S.: **1.800.461.9999**
- Outside Canada and the U.S.: **1.204.983.3500** or **1.506.636.5064**

KEY TAKEAWAYS

19. How do the U.S. surtaxes impact FedEx shipments?

When shipping certain U.S.-origin goods into Canada, a 25% surtax will be applied to the value of your goods in addition to standard import duties and taxes. This will result in higher total import charges for affected shipments. We recommend using the [Canada Tariff Finder provided by the Government of Canada](#) to confirm whether products are subject to these surtaxes and planning your shipping budget accordingly.

20. What should Canadian importers do to prepare for the surtaxes?

Importers should:

- Review the list of impacted goods in the Schedule of the [United States Surtax Order \(2025-1\)](#), the Schedules of the [United States Surtax Order \(Steel and Aluminum 2025\)](#), the Schedules of the [United States Surtax Order \(Motor Vehicles 2025\)](#), or on the [Department of Finance Canada website](#) for the United States Surtax Order (2025-1), the United States Surtax Order (Steel and Aluminum 2025), and the United States Surtax Order (Motor Vehicles 2025).
- Ensure proper proof of origin documentation is available for commercial goods.
- Verify the country-of-origin markings for casual goods.
- Explore relief options under the Duties Relief and Duty Drawback programs.

21. Are the surtaxes permanent?

The surtaxes are subject to change. Importers should stay updated on any amendments or revocations of the orders.