



Regulatory News Alerts & Updates

The United States Surtax Order (2025-1)

March 10, 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 Executive Order (EO) imposing additional tariffs on Canadian products imported into the U.S., effective March 4, 2025.

GENERAL INFORMATION

1. What is the United States Surtax Order (2025-1)?

The [United States Surtax Order \(2025-1\)](#) is a Canadian measure that imposes an additional 25% surtax on certain goods originating from the United States (U.S.). This surtax is a response to the U.S. government's Executive Order imposing tariffs on Canadian goods and energy imported into the U.S.

2. When does the surtax take effect?

The surtax takes effect on **March 4, 2025**.

3. What goods are subject to the surtax?

The surtax applies to certain U.S.-origin goods listed in the Schedule of the [United States Surtax Order \(2025-1\)](#), identified by their 6-digit Harmonized System (HS) codes.

4. What is the purpose of the surtax?

The surtax is a retaliatory measure in response to the U.S. government's imposition of additional tariffs on Canadian goods and energy.

IMPACT TO IMPORTERS

5. Who is affected by the surtax?

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

6. How is the surtax 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.

Example 1:

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).

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:

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).

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 $\$37.50 + \$34.00 + \$7.50 + \$11.45 = \$90.45$

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. Does the surtax 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](#).

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, the goods will be assumed to originate from the U.S. when shipped from the U.S.

EXCEPTIONS TO THE SURTAX

11. Are there any exceptions to the surtax?

Yes, the surtax does not apply to:

- Goods in transit to Canada on or before March 4, 2025.
- Goods entering a sufferance warehouse on or before March 4, 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 [Akwasasne Residents Remission Order](#).

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

Yes, except for specific 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).

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 surtax?

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

RELIEF AND DRAWBACK PROGRAMS

15. Can importers claim relief for surtax paid?

Yes, the [Duties Relief](#) and [Duty Drawback](#) programs are available for surtax 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 \(2025-1\)](#), organized by 6-digit 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](#).

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. What should Canadian importers do to prepare for the surtax?

Importers should:

- Review the list of impacted goods in the [Schedule of the United States Surtax Order \(2025-1\)](#) or on the [Department of Finance Canada website](#).
- 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.

20. Is the surtax permanent?

The surtax is subject to change. Importers should stay updated on any amendments or revocations of the order.