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Tax Alert – Canada

Latest relief measures for Canadian businesses impacted by US tariffs

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.

On 15 April 2025, the Minister of Finance announced a series of relief measures for Canadian businesses affected by the recent tariffs imposed by the United States (US).

Certain importers of motor vehicles from the US have been granted remission of the 25% surtax imposed by the Government of Canada in response to US tariffs on automobiles and automobile parts. The parameters for obtaining remission are contained in the [United States Surtax Remission Order \(Motor Vehicles 2025\)](#) (Motor Vehicle Remission Order).

Further guidance can also be found in [Customs Notice 25-17: United States Surtax Remission Order \(Motor Vehicles 2025\)](#) published by the Canada Border Services Agency (CBSA).

Certain Canadian businesses may also benefit from additional relief measures. A temporary six-month relief period from the payment of tariffs on US-origin products has been granted for certain sectors, such as manufacturing and processing, as well as goods used to support public health and safety. The parameters for obtaining relief are contained in the [United States Surtax Remission Order \(2025\)](#) (Surtax Remission Order), which was released on 16 April 2025. Further guidance can be found [Customs Notice 25-19: United States Surtax Remission Order \(2025\)](#), which was published by the CBSA on 17 April 2025.

In addition, the Large Enterprise Tariff Loan (LETL) facility is now accepting applicants. The LETL facility, which was initially announced by Prime Minister Mark Carney on 21 March 2025, is intended to support large Canadian businesses that may be finding it difficult to secure traditional sources of financing due to current uncertain economic conditions.



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Background

As previously noted in [EY Tax Alert 2025 Issue No. 25](#), on 26 March 2025, a Presidential Proclamation was issued declaring a 25% tariff on all automobiles imported into the US, effective 3 April 2025, and a 25% tariff on automobile parts that will come into effect 3 May 2025.

On 3 April 2025, the Government of Canada announced a 25% surtax as a countermeasure in response to the US tariffs imposed on automobiles and automobile parts, effective 9 April 2025. The surtax applies only to motor vehicles that originate in the US. The determination of whether goods originate in Canada, the US or Mexico must be made in accordance with the *Determination of Country of Origin for the Purpose of Marking Goods (CUSMA Countries) Regulations*.

Specifically, the surtax applies to motor vehicles identified in Schedule 1 to the [United States Surtax Order \(Motor Vehicles 2025\)](#) (Motor Vehicle Surtax Order) that are imported for commercial and personal purposes, even when such motor vehicles are exported from countries other than the US into Canada.

New and used motor vehicles are subject to the surtax (including motor vehicles with electric motors and motor vehicles with internal combustion piston engines), subject to certain exemptions.¹

Remission of countermeasure tariffs relating to US automobiles - P.C. 2025-0465

The Government of Canada announced it would introduce a remission framework to minimize the negative effects of the surtaxes on Canadian motor vehicle companies.

The Motor Vehicle Remission Order allows certain Canadian automakers to import a certain number of Canada-United States-Mexico Agreement (CUSMA)-compliant vehicles that have been assembled in the US without the payment of the 25% surtax.

If the conditions of the Motor Vehicle Remission Order are met, importers may claim relief for surtaxes paid or payable under subsection 2(2) of the Motor Vehicle Surtax Order. An importer is defined as a person with a business number set out in the schedule² to the Motor Vehicle Remission Order that both manufactures motor vehicles in Canada and imports them from the US for the purpose of sale in Canada.

¹ Guidelines on how the surtax applies to motor vehicles that qualify under CUSMA are set out in [Customs Notice 25-15: United States Surtax Order \(Motor Vehicles 2025\)](#).

² At the time of writing, the schedule referred to in the Remission Order had not been published.

Remission of surtaxes paid or payable under the Motor Vehicle Surtax Order will be granted to an importer if:

- ▶ In the case of the motor vehicle listed in [Schedule 1](#) of that Order, the motor vehicle is imported on or after 9 April 2025 and no later than 8 April 2026;
- ▶ The importer applies for remission to the Minister of Public Safety and Emergency Preparedness (the Minister) within two years after the importation date;
- ▶ The importer provides the Minister and the Minister of Industry with any information they request relating to the importation into Canada and the sale in Canada of motor vehicles assembled in the US;
- ▶ The importer also provides information that may be requested by those Ministers relating to the manufacturing of motor vehicles in Canada and the goods originating in Canada that are used in the manufacturing of those motor vehicles;
- ▶ If the importer has reduced or paused manufacturing in Canada due to factory retooling, the importer restarts manufacturing in accordance with the requirements established by the Minister and the Minister of Industry; and
- ▶ No other claim for surtax relief has been granted under the *Customs Tariff* for the motor vehicle.

Remission claimed by an importer will be limited to the maximum quantity of vehicles set out in the schedule³ of the Motor Vehicle Remission Order.

An importer may obtain surtax relief by entering special authorization code 25-0465 in the Special Authority OIC field on the Commercial Accounting Declaration for goods listed in Schedule 1 of the Motor Vehicle Surtax Order. Any claim for remission must include all relevant documents (e.g., commercial invoices, Canada customs invoices, bills of lading) showing that the imported motor vehicles meet the requirements for remission.

For more information about obtaining remission, see [Customs Notice 25-17: United States Surtax Remission Order \(Motor Vehicles 2025\)](#).

Temporary remission for surtax imposed on products for certain sectors - P.C. 2025-0466

The government will provide a temporary six-month relief period for goods imported from the US that are used:

- ▶ To support public health, health care, public safety and national security objectives; and
- ▶ In Canadian manufacturing, processing, and food and beverage packaging.

³ Ibid.

Specifically, the Surtax Remission Order provides relief for surtaxes paid or payable under the *United States Surtax Order (2025-1)*, the *United States Surtax Order (Steel and Aluminum 2025)*, or the Motor Vehicle Surtax Order in respect of goods imported by or on behalf of various authorities. These include government health research organizations, public health officials, firefighting services, law enforcement agencies, the Canadian Forces and the Department of National Defence.

As well, remission is provided for surtaxes paid or payable under the orders listed above in respect of goods imported for use in medically necessary health care services provided at hospitals, long-term care facilities, health care or dental clinics, and certain laboratories. Relief is also available for goods imported by or on behalf of:

- ▶ An entity providing products and services related to blood, cells, tissues or organs for medically necessary health care services; or
- ▶ A federal, provincial, local or Indigenous health authority.

As a general relief measure, remission is available for surtaxes paid or payable under the *United States Surtax Order (2025-1)* in respect of goods listed in the schedule to the Surtax Remission Order, regardless of the importer's identity. These goods include specialized infant formulas, medical compression garments, and sterile barrier film or pouches used in medical manufacturing.

Finally, an importer may claim remission for surtaxes paid or payable under the *United States Surtax Order (2025-1)* or the *United States Surtax Order (Steel and Aluminum 2025)* in respect of goods imported for use in manufacturing or processing of any good, or packaging of food products and beverages.

An importer may claim remission under the Surtax Remission Order if:

- ▶ The good is imported into Canada before 16 October 2025;
- ▶ No other claim for surtax relief has been granted under the *Customs Tariff* for the good; and
- ▶ The importer applies for remission to the Minister within two years after the importation date.

This measure is intended to support a wide range of Canadian businesses that rely on US inputs, as well as entities that play a central role in health and safety. It is anticipated that the six-month window will provide businesses and entities with sufficient time to reorganize their supply chains and make use of domestic supply sources, if feasible.⁴

For more information about obtaining remission, see [Customs Notice 25-19: United States Surtax Remission Order \(2025\)](#).

Financial support for large Canadian businesses - LETL facility

The Minister of Finance also indicated that the LETL facility is now accepting applicants. This measure is intended to provide financial support in the form of interest-bearing loans to large Canadian businesses that are encountering difficulties in obtaining financing from traditional market sources.

Eligible enterprises are businesses that have been or expect to be affected by recent tariffs and countermeasures and that:

- ▶ Have significant operations or a significant workforce in Canada;
- ▶ Have approximately \$300 million or more in annual Canadian revenue; and
- ▶ Require a loan of \$60 million or more, in accordance with an applicant's cash flow needs over the next 12 months.

For-profit businesses in all sectors that meet these criteria may apply for funding, as may certain non-profit entities.⁵

Notably, the LETL facility is intended for businesses that were viable before the imposition of the tariffs and countermeasures. It will not be available to businesses that are insolvent or that have filed for creditor protection.

Various terms and conditions are included with the loan, including that the rate applicable to the unsecured facility is Term CORRA and that the business must have an overall plan to return to financial stability.

Interested parties should review the LETL facility criteria to determine their eligibility and email a completed enquiry form to info@ceefc-cfuec.ca.

⁴ [Canada announces new support for Canadian businesses affected by U.S. tariffs - Canada.ca](#).

⁵ [LETL Factsheet | Canada Enterprise Emergency Funding Corporation](#).

Learn more

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