

# Indirect Tax Alert

News from EY Americas Tax

## Canada to remit surtaxes collected on certain imports of heavy steel plate and stainless steel wire

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Effective 23 August 2019, the *Surtax on the Importation of Certain Steel Goods Remission Order* (Surtax Remission Order) relieves surtax paid since October 2018 on seven types of imported heavy steel plate and one type of imported stainless steel wire.<sup>1</sup>

### Background

On 25 October 2018, the Government of Canada began applying provisional global safeguard surtaxes and tariff rate quotas (TRQs) on imports of seven categories of steel goods:

- ▶ Heavy steel plate
- ▶ Concrete reinforcing bar
- ▶ Energy tubular products
- ▶ Hot-rolled sheet
- ▶ Pre-painted steel
- ▶ Stainless steel wire
- ▶ Wire rod<sup>2</sup>

The provisional safeguards applied to the subject imported goods from all countries except for those originating in Canada, Chile, Colombia, Mexico, Panama, Peru, the Republic of Korea, the United States (US), Israel or another CIFTA beneficiary, and World Trade Organization (WTO) Member countries that are a beneficiary of the General Preferential Tariff (GPT).<sup>3</sup>

In parallel to the imposition of the surtaxes, the Canadian International Trade Tribunal (CITT) conducted a safeguard inquiry concerning the future importation into Canada of the aforementioned goods.<sup>4</sup> On 3 April 2019, the CITT concluded its inquiry and recommended that only two of the seven categories of imported steel goods (heavy steel plate and stainless steel wire) should be subject to final surtaxes and TRQs.<sup>5</sup>

Pursuant to the CITT's findings, final safeguard measures on heavy steel plate and stainless steel wire became effective as of 13 May 2019.<sup>6</sup> However, prior to the imposition of these final safeguards, on 9 May 2019, the CITT was directed under the terms of the Exclusions Inquiry Order to conduct an inquiry regarding exclusion requests concerning certain heavy plate and stainless steel wire subject to safeguard measures.<sup>7</sup> On 15 July 2019, the CITT submitted its final report to the Governor in Council and recommended that exclusions be granted for seven types of heavy steel plate and one type of stainless steel wire.<sup>8,9</sup> As a result, the Order Amending the *Order Imposing a Surtax on the Importation of Certain Steel Goods (Exclusions)* came into effect on 23 August 2019 (the Order Amending the Surtax Order).<sup>10</sup> This Order excludes the products recommended by the CITT from the application of safeguard measures, in consideration of the fact that there is no domestic supply available in Canada.<sup>11</sup>

## Surtax remission process

The Surtax Remission Order remits safeguard surtaxes already paid on imports of goods excluded under the Order Amending the Surtax Order and released by the Canada Border Services Agency (CBSA) between 25 October 2018 and 23 August 2019.<sup>12</sup> Remission will be granted to importers of the excluded goods if:

- ▶ No other claim for relief of the surtax, or the portion of the surtax, as applicable, has been granted under the *Customs Tariff* in respect of those goods; and
- ▶ A claim for remission is made by the importer to the Minister of Public Safety and Emergency Preparedness within two years after the date of the importation of those goods.<sup>13</sup>

Importers of the subject goods must file a Form B2, Canada Customs - Adjustment Request with the CBSA Trade Programs Office under section 74(1)(g) of the *Customs Act*. In addition, importers will need to provide product literature, technical specifications and any other relevant documentation that substantiates whether the goods correspond to the exclusions eligible for remission.<sup>14</sup> As the CBSA will likely process remission applications on a first-come, first-serve basis, importers must ensure that their submissions are complete and accurate to avoid delays or even refusal of their request for surtax remission.

## Endnotes

1. SOR/2019-315.
2. Customs Notice 18-17, Provisional Safeguard Measures Imposed on the Importation of Certain Steel Goods. See also EY Global Tax Alert, [Finance Canada announces new global steel safeguard surtax/implements remission order for surtaxes on certain US origin goods](#), dated 17 October 2018.
3. Subject goods from GPT beneficiary countries were exempt from surtax as long as the share of imports from such a country does not exceed 3% of total imports of each good, provided that imports from countries accounting for less than 3% of import share do not collectively account for more than 9% of total imports of each good. See also EY Global Tax Alert, [Canada imposes final safeguard measures on imports of heavy steel plate and stainless-steel wire: update](#), dated 23 May 2019.
4. Order in Council P.C. 2018-1275. 11.
5. Canadian International Trade Tribunal – *Safeguard Inquiry into the Importation of Certain Steel Goods*, Inquiry No. GC-2018-001. See EY Global Tax Alert, [Canadian International Trade Tribunal releases safeguard inquiry report regarding certain steel goods](#), dated 16 April 2019.
6. SOR/2019-127.
7. GC-2018-001-E1.
8. Ibid.
9. For a complete listing of the exclusions, see Table 1 in Customs Notice 19-08, *Final Safeguard Measures Imposed on the Importation of Certain Steel Goods*.
10. SOR/2019-313.
11. Regulatory Impact Analysis Statement to SOR/2019-313.
12. Customs Notice 19-08, *Final Safeguard Measures Imposed on the Importation of Certain Steel Goods*.
13. Ibid.
14. Ibid.

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