



TaxNewsFlash

Canada

Importers — Have Your Say on Potential Surtaxes

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Businesses that import or use certain mineral products, batteries and parts, solar products, and semiconductors from China may be interested in the latest consultation from the Department of Finance. The federal government has launched a 30-day consultation to collect feedback on the effects of potential surtaxes on these imported products. These new surtaxes may affect various sectors, such as manufacturing and businesses that use or incorporate these products in their operations.

The federal government provided a list of more than 45 tariff classifications for specific products that could be subject to the potential surtaxes and is requesting feedback by October 10, 2024.

Background

The federal government announced its intention to launch this latest consultation in August 2024. On August 26, 2024, the federal government announced a 100% surtax on all Chinese-made electric vehicles effective October 1, 2024, and a 25% surtax on imports of steel and aluminum products from China effective October 15, 2024. Canada also added that it would soon launch a 30-day consultation on batteries and battery parts, semiconductors, solar products and critical minerals imported from China. For more information, see *TaxNewsFlash-Canada* 2024-34, "[Importers — New Surtaxes Start October 1, 2024](#)".

This latest consultation appears to follow recently introduced trade measures from the United States. On September 13, 2024, the United States finalized action on various

Section 301 tariffs on a number of goods imported from China, including batteries and parts, critical minerals, semiconductors, and solar cells.

Consultation

The federal government is seeking feedback on the potential introduction of surtaxes for more than 45 tariff classifications related to critical mineral products, batteries and parts, solar products, and semiconductors. The government seeks comments on various aspects of these potential surtaxes, including:

- The products that may be affected by the surtaxes
- The rate of the potential surtaxes
- The coming into force date of the potential surtaxes
- The effects of these imports from China on supply chains, manufacturing, and Canadian workers and businesses.

This latest consultation is open until October 10, 2024.

KPMG observations

Importers and other affected businesses have limited time to assess the impact of these potential new surtaxes on their cross-border goods and provide feedback to Finance.

Affected businesses may want to consider certain actions now to assess how they may be impacted by these potential trade measures on their operations, including to:

- Review tariff classifications
- Review the base upon which these potential surtaxes may apply
- Review and analyze whether contractual documents with suppliers and customers are flexible enough to address these latest potential trade changes and related challenges and uncertainties.

We can help

KPMG's Trade & Customs team can help you analyze the impact on your business of the potential trade-related measures included in this consultation. Please contact your KPMG advisor or one of the following KPMG Trade & Customs professionals in Canada:

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