



TaxNewsFlash

Canada

Tariffs — Canadian Businesses May Qualify for New Relief

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Canadian businesses affected by U.S. and Canadian tariffs should determine whether they may benefit from new support measures. Finance recently announced that automakers may be eligible for import tariff relief under a performance-based remission framework, and that it would provide temporary six-month relief for certain goods imported from the United States. Finance also advises that eligible large Canadian business can now apply for financing support through Canada's new Large Enterprise Tariff Loan Facility. In addition to this relief, which was announced on April 15, 2025, Finance advises that it intends to bring forward additional support measures as needed.

Your KPMG adviser can help you assess the effect of the ongoing U.S. and Canadian trade measures, including whether you are eligible for tariff relief under these or other available relief programs. It's important to carefully consider the related remission rules and extensive submission process.

Background

The United States imposed 25% tariffs on "all articles that are products of Canada" on March 4, 2025, except for imports of energy resources which are subject to 10% tariffs. These tariffs were later amended to restrict their application essentially to goods not compliant with the Canada-U.S.-Mexico Agreement (CUSMA). In response, Canada imposed 25% tariffs on various U.S. goods, the first phase of which was effective March 4, 2025. The United States subsequently announced 25% tariffs on all automobiles imported into the United States, effective April 3, 2025. Canada responded by applying 25% tariffs on automobiles imported from the United States that are not compliant with the Canada-United States-Mexico Agreement (CUSMA), effective April 9, 2025. In

addition to these tariffs, the United States announced other tariffs on a wide range of other imported Canadian goods, such as steel and aluminum.

For details on these developments, including insights for importers and exporters affected by these changes, see *TaxNewsFlash-Canada* 2025-18, “[Canada Responds to U.S. Global Tariff Announcement](#)”, *TaxNewsFlash-Canada* 2025-09, “[Canada Outlines Response to U.S. Tariffs](#)”, and *TaxNewsFlash-Canada* 2025-06, “[New U.S. and Canadian Tariffs — Prepare for Trade Challenges](#)”.

Automakers — Performance-based remission framework

Finance announced that certain automakers that continue to manufacture vehicles in Canada will benefit from new remission relief. Under this performance-based remission framework, eligible automakers will be able to import a certain number of U.S.-assembled, CUSMA-compliant vehicles into Canada, on which Canada’s countermeasure tariffs will not apply. To qualify for this relief, automakers must continue to produce vehicles in Canada and complete planned investments. Finance advises that the number of tariff-free vehicles that can be imported will be reduced where automakers reduce Canadian production or investment.

Relief for certain goods imported from the United States

Finance announced that it intends to provide temporary six-month tariff relief for goods imported from the United States that are used as follows:

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

Finance advises that this limited remission is intended to allow additional time for a wide range of businesses and entities, including hospitals, long-term care facilities and fire departments, to adjust their supply chains.

KPMG observation

Although this relief appears to be good news for affected businesses, more detail is required to understand how this relief may apply.

Large Enterprise Tariff Loan Facility

Eligible large businesses can now apply for financial support from the Large Enterprise Tariff Loan Facility. Eligible businesses include those involved with Canada’s food security, energy security, economic security and national security. This program, which was previously announced in March 2025, is intended to provide access to liquidity for eligible

businesses that are facing difficulties in accessing traditional sources of market financing. To be eligible for this support, Canadian companies are required, among other criteria, to make efforts to maintain jobs and sustain business activities in Canada. Finance advises that businesses that were already involved in insolvency proceedings will not be eligible.

KPMG observation

Canada released a related Order in Council that specifies the conditions for a remission of automobile tariffs, including that the automobile be imported on or after April 9, 2025 and no later than April 8, 2026. Finance is expected to release further details soon.

We can help

Your KPMG adviser can help you assess the effect of new tariffs, other potential trade measures, on your operations, and help determine whether you are eligible for any of these relief measures and other available relief programs. We can also keep you abreast of any additional details related to these relief measures. For more details, contact your KPMG adviser.

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