



TaxNewsFlash

Canada

Importers — Temporary Remissions Set to End in 2026

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Importers should review the latest changes to remove the temporary remissions of Canadian tariffs on certain imports of aluminum, steel, and other goods. Canada effectively announced that, as of June 30, 2026, Finance will end the temporary remissions of Canadian tariffs on imports of aluminum goods used in Canada for manufacturing, processing, food and beverage packaging and agricultural production. In addition, the temporary remissions will also end on June 30, 2026 for goods used for public health, health care, public safety and national security purposes, as well as for steel goods used for the manufacturing of motor vehicles, aerospace goods and their parts. In addition, Canada released a detailed list of imported steel-derivative products that will be subject to the new 25% tariff effective December 26, 2025, and published updated guidance on tariff-rate quotas.

These latest changes were included in four Orders in Council and a news release issued on December 11 and 12, 2025, respectively. This edition of *TaxNewsFlash-Canada* provides an overview and some details of the following items:

- Temporary remissions to end in 2026
 - Temporary remissions ending on June 30, 2026
 - Temporary remission ending on January 31, 2026
- Steel imports
 - New 25% tariff on certain imported steel-derivative products

- Reduction of steel tariff rate quota levels
- Confirming Canada's non-stackable tariff policy
- Specific company remission process

Many businesses will face higher tariff costs following the end of the temporary remissions. At this time, it's unknown whether Canada will provide importers of affected goods with additional relief in the future. Affected importers should start now to review their specific facts and circumstances to determine whether they may be eligible to obtain a specific company remission order from the Department of Finance. In addition, importers should review Finance's latest detailed list of products to determine whether they are affected by the new 25% steel derivative goods surtax, especially since this list includes goods that contain other types of metal. Given the challenges presented by the elimination of the temporary remissions, it's important to contact your KPMG adviser to help you understand the remission rules and submission process so that you can take mitigation measures to lessen the impact of tariffs on your business.

Background

Due to ongoing trade uncertainty, Finance published guidance in March 2025 on a specific company remission process to allow Canadian importers to apply for tariff relief. However, Canada subsequently announced a temporary remission program that essentially provided automatic relief from tariffs on the imports of specific goods for Canadian businesses by using certain codes on customs entries for specific circumstances at the time of import, subject to future audits. The temporary remission program essentially eliminated the need for many affected businesses to apply for specific company remissions.

Canada recently announced that Finance will end the temporary remission of Canadian tariffs on imports of certain kinds of steel as of January 31, 2026 (extended from December 15, 2025). This change will affect steel goods used for manufacturing, processing, food and beverage packaging and agricultural production in Canada, with the exception of such goods used in manufacturing of motor vehicles, aerospace goods and their parts, among other specific situations. Canada also announced that it will apply a new 25% tariff on certain steel-derivative products from all countries, effective December 26, 2025. In its original announcement, Canada provided a limited list of such steel-derivative products.

For details on recent trade developments, see *TaxNewsFlash-Canada* 2025-48, "[Steel Importers — Prepare Remission Requests Now](#)", *TaxNewsFlash-Canada* 2025-34 "[Businesses — Don't Delay in Addressing Tariff Challenges](#)", *TaxNewsFlash-Canada* 2025-21, "[Tariffs — Canadian Businesses May Qualify for New Relief](#)".

Temporary remissions to end in 2026

Temporary remission ending on June 30, 2026

Canada's latest changes will essentially end the temporary remission on June 30, 2026 for the following goods:

- Aluminum goods used for manufacturing, processing, good and beverage packaging and agricultural production in Canada
- Steel goods used for the manufacturing of motor vehicles, aerospace goods and their parts
- Goods used for public health, health care, public safety and national security purposes.

Temporary remissions ending on January 31, 2026

Canada previously announced that it will end the temporary remission of Canadian tariffs on steel goods used in manufacturing, processing, good and beverage packaging, and agricultural production. as of January 31, 2026.

As a result of Canada's latest changes, all of the remaining temporary remission programs are set to end in 2026.

KPMG observations

Affected Canadian importers should review Finance's March 2025 guidance on the remission process and determine whether to file a remission request now that Canada's temporary remissions for certain imported goods are set to expire. See below for details on the remission application process.

Steel imports

New 25% tariff on certain imported steel-derivative products

Canada has now released a detailed list of products subject to the new 25% tariff on steel-derivative products imported from all countries effective December 26, 2025. Canada has also included a list of goods that will not be subject to the new tariff in a related Backgrounder, such as goods subject to other specific tariffs. Canada notes that this list may be periodically updated to reflect changes in market conditions.

While Canada originally described the goods that are subject to the new 25% tariff as derivatives for which steel content is a large portion of the full value of the product (including wind towers, prefabricated buildings, fasteners and wires), the detailed list of affected goods is more wide-ranging. Specifically, the list includes broad Tariff Item that include many goods that contain other types of materials in addition to steel.

KPMG observations

Despite Canada's earlier description of this tariff as applying to steel-derivative products,

a close review of the Tariff Items on the detailed list shows goods that contain other types of metals, such as aluminum and nickel, may also be subject to the new 25% tariff. In one case, a listed Tariff Item includes goods that are made of plastics. As a result, importers should carefully review the entire detailed list to determine if any of their imported goods are included in the listed Tariff Items, and thus subject to the new 25% tariff starting December 26, 2025.

Reduction of steel tariff rate quota levels

Importers of steel goods should review Canada's updated guidance on policies and procedures related to the administration of the tariff-rate quotas for certain steel goods. The guidance also discusses the planned decrease of these quota levels for certain steel products effective December 26, 2025. Canada also confirms that the quotas will be in place until June 27, 2026.

As a reminder, Canada previously announced that it will lower the tariff rate quota levels for certain steel products effective December 26, 2025, as follows:

- Steel products from non-free trade agreement partners — Decreased to 20% of 2024 levels (from 50%)
- Steel products from non-CUSMA partners with which Canada has a free trade agreement — Decreased to 75% of 2024 levels (from 100%).

Over-quota volumes are subject to 50% surtax. Note that the above measures do not apply to the United States and Mexico.

Confirming Canada's non-stackable tariff policy

Canada has confirmed it will maintain its non-stackable policy for Canadian tariffs on steel and aluminum. The policy confirms that only one of these tariffs applies in the following order of precedence:

1. 50% tariff on steel imports over the established tariff rate quotes for non-CUSMA countries
2. 25% tariff — Either:
 - a) Tariffs on U.S. steel and aluminum goods
 - b) Tariffs on Chinese steel and aluminum goods, or
 - c) Tariffs on non-U.S. imports that contain steel melted and poured, or aluminum smelt and cast, in China.

3. New 25% tariff on steel derivative products from all countries effective December 26, 2025.

For details of these and other measures affecting imported steel goods, see *TaxNewsFlash-Canada* 2025-48, [“Steel Importers — Prepare Remission Requests Now”](#).

Specific company remission process

With the upcoming elimination of the temporary remissions, affected importers registered in Canada may wish to file remission applications for specific company remissions. Finance published guidance on how importers can request tariff relief on March 4, 2025. In its guidance, Finance notes that these remissions are only available under specific circumstances, and are generally approved only in limited cases to address “exceptional and compelling circumstances”, such as where input materials cannot be sourced from suppliers in Canada or in countries other than the United States. If approved, these remissions will help limit cashflow issues resulting from the tariffs and the elimination of the temporary remissions.

To apply for specific company remission, importers must carefully review their facts and circumstances, and provide a significant amount of information in their remission applications, including among other details:

- Evidence that they are unable to source the goods or substitutes from Canadian or non-U.S. suppliers (e.g., requests for proposal notices, names of suppliers canvassed and their replies)
- Evidence of contractual obligations that prevents them from sourcing goods from other suppliers.
- A detailed breakdown of costs of each input of manufactured goods (e.g., costs of goods subject to remission application, labour, overhead and administrative and selling expenses)
- Detailed comments on the effects of the remission on their operations (e.g., employment, volume of product, investment).

KPMG observations

Importers who did not have to apply for a specific company remission due to the temporary remissions will now have to determine whether their facts will support a successful remission application for relief. These importers should start to review their facts and circumstances early, as Finance’s review and approval process of the remission applications may take several months. However, Finance may approve these applications retroactively. Finance may also consider remission applications related to the new 25% tariff on steel-derivative products.

Importers should also be aware that it may take a significant amount of time to collect the required information in their applications. In addition, some of these requested details may need to be marked as confidential and protected, as the government may consult external parties with regards to these applications.

We can help

Your KPMG adviser can help you assess the effect of these new developments. For more details, contact your KPMG adviser.

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