



TaxNewsFlash

Canada

Importers — Assess Risk with CBSA's Audit List

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Importers should determine whether their imported goods may be subject to increased scrutiny from the Canada Border Services Agency (CBSA). Recently, the CBSA released an updated list of compliance areas that it is targeting for audit investigations, which now includes precious metals, the rules of origin for the automotive industry under the Canada-United States-Mexico Agreement (CUSMA), the surtaxes imposed on steel and aluminum goods, energy commodities, and nine specific categories of tariff classification. Importers, including manufacturers and retailers, of imported goods subject to any of the CBSA's listed compliance priorities should ensure they meet all related trade obligations to help verification of these imports.

Note that many importers have additional considerations as a result of recent global tariff measures and upcoming changes. Canada will end the temporary remissions on imports of aluminum goods used in Canada for manufacturing, processing, food and beverage packaging and agricultural production on January 31, 2026, and other remaining temporary remissions on June 30, 2026. Importers that use surtax remission codes on their shipments at time of entry face higher tariff costs due to these changes and should determine whether they may be eligible to obtain a specific company remission order from the Department of Finance. For details, see *TaxNewsFlash-Canada* 2025-50, "[Importers — Temporary Remissions Set to End in 2026](#)".

KPMG's Trade and Customs professionals can help businesses identify imported goods in their supply chain that may be subject to increased verification activities (also known as audit activities) from the CBSA, and ensure that they are meeting their trade compliance obligations on these and other imported goods.

Background

The CBSA updates its list of verification priorities every six months. This list is divided into two general sections:

- *Specific compliance priorities* — Compliance priorities related to specific quota and classification, and certain trade agreements and surtax orders.
- *Specific goods, with updated amounts assessed, based on the following types of potential errors*
 - *Tariff classification* — Goods for which importers may have used an incorrect tariff classification
 - *Valuation* — Goods for which importers may have assigned an improper valuation
 - *Origin* — Goods for which importers may have incorrectly determined the proper origin (often related to tariff treatment under a trade agreement).

Importers that have made any errors face assessments for additional duties and taxes owed as well as penalties. In some cases, importers may be entitled to refunds if errors lead to overpaid duties and taxes.

To assist with their verification process, the CBSA may use the CARM (CBSA Assessment Revenue Management) system that was fully implemented in October 2024.

Specific compliance priorities

The CBSA's latest list of specific compliance priorities, which is dated January 2026, adds origin verifications for the automotive industry under the CUSMA, among other new priorities. The list identifies the following specific compliance priorities:

- Tariff rate quota and classification of supply managed goods — Verifications related to the classification of frozen desserts containing 5% of dairy products, cheese treats for dogs (preparations of a kind used in animal feeding under heading 23.09 of the Customs Tariff) and spent fowl products (Updated)
- GST and excise duties and taxes — Verifications of the GST exemption codes, vaping products subject to excise duties and taxes and precious metals (Updated)
- CUSMA — Origin verifications related to the automotive industry (NEW)

- Import origin verifications — Verifications under Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and Canada-United Kingdom Trade Continuity Agreement (CUKTCA) (No change)
- Duties Relief Program (DRP) — Verifications of licensees importing supply managed goods (No change)
- China Surtax Order (2024) — Electric vehicles (No change)
- China Surtax Order (2024) — Steel and Aluminum (No change)
- United States Surtax Order (2025-01) — Various imported goods originating in the U.S. (No change)
- United States Surtax Order (Steel and Aluminum 2025) (No change)
- United States Surtax Order (Motor Vehicles 2025) (No change)
- Order imposing a Surtax on the importation of Certain Steel Goods (NEW)
- Steel Goods and Aluminum Goods Surtax Order (NEW)
- Energy commodities and final accounting — Verifications on electricity imports under chapter 27 of the Customs Tariff (NEW).

Compliance priorities related to specific goods under three types of potential errors

Although the CBSA has removed the categories for freezers and other freezing equipment, washers and dryers, furniture for non-domestic purposes, bicycle parts (under Tariff classification) and bedding and drapery (under Origin) from its list of specific goods, importers should remember that any imports of these goods continue to be subject to regular verification processes. The CBSA's latest list, dated January 2026, identifies the following targeted goods with the related amounts of duty and penalties assessed to date:

Tariff classification

- Gloves
- Bags
- LED lamps
- Frozen desserts (NEW)
- Spent fowl

- China Surtax Order (2024): Electric vehicles (NEW)
- China Surtax Order (2024): Steel and aluminum (NEW)
- United States Surtax Order (2025-1) (NEW)
- United States Surtax Order (Steel and Aluminum 2025) (NEW)

Importers — Have you received any of these letters?

Importers that receive correspondence from the CBSA that indicates potential non-compliance should take action quickly to assess potential risks and challenges. The CBSA uses various compliance tools, including sending the following types of correspondence to importers:

- Trade advisory notice (TAN) — The CBSA may issue a TAN where there is a potential for non-compliance in a particular declaration
- Compliance validation letter (CVL) — The CBSA may issue a CVL where there is suspicion of non-compliance, and importers are required to respond within 30 days
- Directed compliance letter (DCL) — The CBSA may issue a DCL with a monetary assessment where there is a known non-compliance.

KPMG observations

The CBSA audits specific compliance priorities or targeted goods that are imported into Canada as well as other goods, including those imported as “duty free” under trade agreements. For duty-free imported goods, importers must ensure these goods meet all of the requirements under the relevant trade agreement (e.g., the rules of origin). Importers should also ensure they continuously review these trade agreements for changes and updates that could potentially affect their imported goods.

We can help

KPMG's Trade and Customs professionals help businesses identify specific compliance priorities or imported goods in their supply chain that are subject to the CBSA's latest list of audit priorities to assess operational risks related to increased verification activities. Our professionals also assist in managing the complexity of other trade and customs rules and regulations, and provide insight on current Trade and Customs practices and benchmarks related to various industries. Specifically, we may offer a wide range of services depending on the circumstances, such as:

- Providing data analytics with the use of the KPMG's tariff modeler to help importers better understand the impacts of the current tariff disruption and of future tariff scenarios

- Offering solutions to help identify trade compliance risks and obligations
- Identifying operational weaknesses that can create trade compliance challenges
- Filing voluntary disclosures to correct issues prior to discovery in a CBSA verification to help mitigate penalties and interest
- Reviewing software solutions that may automate post-entry reviews
- Identifying duty recovery opportunities
- Offering trade managed services, with flexible options to outsource all or part of the customs function
- Reviewing supply chains to help businesses meet the latest reporting obligations under legislation related to fighting against forced labour and child labour.

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