

# Canadian Surtax Countermeasures

## Questions & Answers

On May 31, 2018, the Government of Canada announced its intention to impose surtaxes or similar trade-restrictive countermeasures on imports of steel, aluminum, and other products from the United States.

Products subject to the countermeasures can be found in Table 1, Table 2 and Table 3 in the Department of Finance Canada website, [here](#). Goods selected from Table 1 will be subject to a 25% surtax and goods from Tables 2 and 3 will be subject to a 10% surtax.

These countermeasures will only apply to goods originating from the United States, which will be considered as those goods eligible to be marked as a good of the U.S. in accordance with the [Determination of Country of Origin for the Purposes of Marking Goods \(NAFTA Countries\) Regulations](#).

These countermeasures are expected to take effect on July 1, 2018 and will remain in place until the U.S. eliminates its trade-restrictive measures against Canada. The countermeasures will not apply to U.S. goods that are in transit to Canada prior to July 1, 2018.

## General Information

### 1. What are the types of commodities impacted by the new surtax?

The surtax will apply to a wide selection of commodities, such as: steel, aluminum, yogurt, coffee, pizza, ketchup, whisky, herbicides, tableware, plywood, toilet paper, sailboats, sleeping bags, playing cards, ball point pens, and others (see Department of Finance Countermeasures in response to [Countermeasures in Response to Unjustified Tariffs on Canadian Steel and Aluminum Products](#)

For a complete list of commodities impacted, and their relevant HS classifications, please contact your Livingston client service representative.

### 2. When will the surtax go into effect?

The Surtax will be effective on July 1, 2018. Goods having a date of direct shipment before July 1, 2018 are considered to be in transit and not subject to the surtax.

Importers must have proof that such goods were in transit to Canada prior to July 1, 2018. Such proof may include, but is not limited to, the following documentation: sales orders, purchase orders, shipping documents (for example, a through bill of lading (TBL)), report of entry documents, and cargo control documents. Such proof may be requested at any time by a CBSA officer.

### 3. What is the amount of the surtax?

The products subject to countermeasures are those commodities identified under the HS classifications in Tables 1, 2 and 3, found in the Department of Finance ([Countermeasures in Response to Unjustified Tariffs on Canadian Steel and Aluminum Products](#)). Commodities in Table 1 will be subject to 25% surtax and commodities in Tables 2 and 3 will be subject to 10% surtax.

### 4. What value is the surtax based upon and how is it calculated?

The surtax is based on the value for duty, and is calculated by multiplying the value for duty by the appropriate surtax percentage, i.e., 25% or 10%.

Note: A surtax is an extra duty, and is payable in addition to normal custom duties.

### 5. What additional information will be required on the B3 entry?

The B3 entry will require the following additional information:

- Field 32 (SIMA/Surtax code) – Code 51
- Field 39 (SIMA/Surtax Assessment) – Amount of the surtax payable

### 6. Will the surtax still apply to U.S. originating goods under NAFTA (i.e., tariff treatment 10)?

The surtax of either 25% or 10% will apply to goods declared under tariff treatment 10 as originating under NAFTA. The surtax has no effect towards duty rates afforded by NAFTA.

### 7. Will goods subject to the surtax be eligible for the Duties Relief Program and/or the Duty Drawback Program?

Canada's Duties Relief and Duty Drawback Programs continue to be available to importers for duties, including surtaxes, paid or owed by Canadian businesses that meet the requirements of the programs.

### 8. If a commodity is eligible for a Chapter 99 tariff item provision, will this eliminate the surtax?

Goods which are also eligible under a provision in Chapter 99 of the Schedule to Canada's Customs Tariff are subject to the surtaxes even though they are entitled to a preferential tariff rate of customs duty under this Chapter.

### 10. What is the mechanism to recover an overpayment of the surtax?

Where an overpayment of surtax has been identified, Form B2, Canada Customs – Adjustment Request may be filed in a regional CBSA office requesting a refund of the overpaid amount.

### 11. How is the surtax calculated on a Customs B3 Accounting Document?

The amount of surtax payable is calculated as a percentage based on the value for duty of the imported good.

Example:

The value for duty (VFD) of an imported good subject to a surtax is \$150. The imported good has a Most Favoured Nation (MFN) duty rate of zero per cent. The applicable surtax is 10 per cent, as per the Schedule to the United States Surtax Order (Other Goods).

The amount of surtax is calculated as follows: \$150 (VFD) x 0.10 (per cent surtax) = \$15 (surtax payable).

For the B3-3 Canada Customs Coding Form completion, the VFD of \$150 (field 37). The customs duties is \$ 0 (field 38). The surtax is \$15 (field 39). The value for tax is \$165 (field 41).

Example of Form B3-3

21 LINE LIGNE <b>1</b>	22 DESCRIPTION DESIGNATION <b>Refrigerator / Réfrigérateur</b>	23 WEIGHT / KGM POIDS / KGM <b>10</b>	PREVIOUS TRANSACTION - TRANSACTION ANTERIEURE 24 NUMBER - NUMERO		25 LINE-LIGNE	26 SPECIAL AUTHORITY AUTORISATION SPECIALE			
27 CLASSIFICATION NO. N° DE CLASSEMENT <b>8418.10.10</b>	28 TARIFF CODE TARIFAIRE	29 QUANTITY QUANTITE <b>1.000</b>	30 U - M <b>1</b>	31 VFD CODE CODE VD <b>13</b>	32 SIMA CODE CODE DE LMSI <b>51</b>	33 RATE OF CUSTOMS DUTY TAUX DE DROIT DE DOUANE <b>0.00000</b>	34 E. T. RATE TAUX T.A. <b>0.00000</b>	35 RATE OF GST TAUX DE TPS <b>5.00</b>	36 VALUE FOR CURRENCY CONVERSION CONVERSION VALEUR POUR CHANGE <b>150.00</b>
37 VALUE FOR DUTY VALEUR EN DOUANE <b>150.00</b>	38 CUSTOMS DUTIES DROITS DE DOUANE <b>0.00</b>	39 SIMA ASSESSMENT COTISATION DE LMSI <b>15.00</b>	40 EXCISE TAX TAUX D'ACCISE <b>0.00</b>	41 VALUE FOR TAX VALEUR POUR TAXE <b>165.00</b>	42 GST TPS <b>8.25</b>				

## 12. Is there additional information available on Livingston's website?

Yes, we are monitoring events and posting updates in our [Trade News](#) section. Our [Trade Disruption](#) page is also being updated as developments occur.

## Contact Livingston

Have questions?

Contact your account executive, write to us at: [simplify@livingstonintl.com](mailto:simplify@livingstonintl.com) or give us a call at 1-800-837-1063.