



US International Tax Alert

The Trump administration implements new tariffs, and orders new tariff-related actions and investigations, while Canada imposes new retaliatory tariffs, and the European Union announces upcoming countermeasures

Updates on US supplemental tariffs on products of Canada, Mexico, and China

As an update to the US International Tax Alerts issued on [February 3, 2025](#) and [February 16, 2025](#), President Trump, pursuant to the International Emergency Economic Powers Act (1977), 50 USC § 1702(a)(1)(B), ordered sweeping supplemental tariffs on imports from [Canada](#), [Mexico](#), and [China](#), effective March 4, 2025, at 12:01 a.m. Eastern Standard Time, which have since been temporarily modified (see below).

The original orders, effective March 4, 2025, imposed the following additional ad valorem tariffs:

- 10% on “energy and energy resource” products of Canada;
- 25% on all other products of Canada;
- 25% on all products of Mexico; and
- Increase in supplemental tariffs on all products of China to 20% from 10%.

Affected goods from Canada and Mexico are identified as follows:

- Goods of Mexico or Canada under [19 CFR § 102](#), which covers country-of-origin marking rules under the Agreement Between the United States of America, the United Mexican States, and Canada (USMCA); or
- Goods for which Canada or Mexico was the last country of substantial transformation.

However, on March 6, 2025, President Trump ordered, effective March 7, 2025:

- Exemptions from the additional tariffs for goods of [Canada](#) and [Mexico](#) that are eligible for preferential treatment under the USMCA; and
- Reduction of duty rate on potash from 25% to 10%.

Trump administration officials announced that the full effect of the tariffs is set to resume on April 2, but this date was not included in the orders exempting USMCA-eligible goods from the additional tariffs.

Duty relief available under the [19 USC § 1321](#) de minimis threshold will remain available for goods subject to the additional tariffs until the Secretary of Commerce notifies the President that adequate systems are in place to fully and expeditiously process and collect applicable tariff revenue.

Actions related to renewing and expanding past investigations and initiating new investigations

On February 21, 2025, President Trump signed a [memorandum](#) announcing the following actions to be taken by the US Trade Representative and the Secretaries of the Treasury and Commerce:

- Determine whether to renew digital services tax (DST) investigations of the DSTs of France, Austria, Italy, Spain, Turkey, and the United Kingdom that were previously reviewed in the first Trump administration, and determine whether to expand the scope of these prior DST investigations to include any other country (no due date indicated);
- Determine whether to pursue a panel review under the USMCA and/or further investigate the DST imposed by Canada (no due date indicated);
- Identify trade and other regulatory practices by other countries that discriminate against, disproportionately affect, or otherwise undermine the global competitiveness or intended operation of US companies (report due April 1, 2025);
- Investigate whether any act, policy, or practice of the United Kingdom or any country in the European Union effectively requires or incentivizes the use or development of US companies' products or services in way that undermines freedom of speech and political engagement or otherwise moderates content (report due April 1, 2025); and
- Determine whether any foreign country subjects US citizens or companies to discriminatory or extraterritorial taxes, or a tax measure that otherwise undermines the global competitiveness of US companies, is inconsistent with any US tax treaty, or is otherwise actionable under tax-related legal authorities (report due March 21, 2025).

Section 232 investigations ordered on copper and lumber/timber

On February 25, 2025, and March 1, 2025, pursuant to Section 232 of the Trade Expansion Act of 1962 ("Section 232"), President Trump ordered the Secretary of Commerce to investigate the threat to national security posed by foreign-source [copper](#) and [lumber/timber](#), as well as their derivatives, and to evaluate US dependence on imports of these articles. Final reports are due within 270 days of the orders (approximately late November 2025).

Section 232 tariffs on steel and aluminum derivatives became effective on March 12, 2025

As an update to the US International Tax Alerts issued on [February 16, 2025](#), and [February 21, 2025](#), the *Federal Register*, on March 11, 2025, posted for public inspection the Secretary of Commerce's confirmation that the federal

government had the necessary systems and processes in place to collect tariffs on derivative articles of steel and aluminum that were newly added to the list of articles subject to 25% tariffs under section 232. According to the original Executive Orders (EOs) issued in February 2025 that adjusted tariffs and related processes on imports of steel and aluminum into the United States ([EOs 10896](#) and [10895](#), respectively), the collection of such tariffs would become effective “upon public notification by the Secretary of Commerce that adequate systems are in place to fully, efficiently, and expediently process and collect tariff revenue for the covered articles.” As a result, Customs and Border Protection began collecting these 25% tariffs on March 12, 2025, along with the remaining steel and aluminum tariffs already scheduled to commence on March 12, 2025.

Canada implements new retaliatory tariffs and the EU announces countermeasures

On March 12, 2025, Canada announced that, in response to the US’s 25% tariff on imports of Canadian steel and aluminum products and derivatives that became effective on March 12, 2025, Canada will impose an additional 25% tariff on a list of US-origin steel, aluminum and other products valued at CA\$29.8B as of March 13, 2025. In addition to steel and aluminum products, the tariffs will apply to a range of other goods, including consumer goods, precious metals, and computers. Also, there will be no exemption for goods that are eligible to be marked as US origin under the USMCA marking rules.

Also, on March 12, 2025, the European Commission announced that it will take countermeasures in response to the US’ 25% tariff on imports of EU steel and aluminum products and derivatives that became effective on March 12, 2025. These countermeasures will consist of two components: (1) rebalancing tariffs on specific products of US origin, including agricultural products, bourbon, jeans, boats, peanut butter, and motorcycles, which will become effective on April 1, 2025, and (2) additional countermeasures that will target €18B in US-origin goods and that are expected to be determined and become effective by mid-April following a public consultation period.

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