

Canada ratifies CUSMA: Tax implications

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On Friday, March 13, Canada ratified the trade agreement between Canada, the United States of America and the United Mexican States (CUSMA). Canada was the last of the three parties to ratify CUSMA, following the United States and Mexico. CUSMA is set to come into force on the first day of the third month after all countries have given notice of completing the internal procedures required to ratify it. Barring delays due to the current coronavirus outbreak, CUSMA could come into force on June 1, 2020.

CUSMA replaces the North American Free Trade Agreement (NAFTA) and makes numerous changes, including changes to some longstanding rules. For example, in Canada, CUSMA will raise the threshold below which duties and taxes cannot be charged on express shipments to \$150 for duties and \$40 for taxes (from the current threshold of \$20, which has been in place since 1985). As such, businesses should be aware of (and seek professional advice as to) the impact the new agreement may have on their customs and tax obligations.

For more information on the tax implications, please contact [Alan Kenigsberg](#) or [Roger Smith](#).