

Canada to rescind its digital services tax

JUNE 30, 2025 2 MIN READ



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The Canadian federal government announced that it intends to rescind Canada's digital services tax (DST). The [press release](#) from the Minister of Finance and National Revenue was issued late at night on Sunday, June 29, 2025. The first payment under the *Digital Services Tax Act* (DSTA) was due today, June 30, 2025.

The DSTA [entered into force](#) on June 28, 2024, just over one year ago, after being [enacted by Parliament](#) on June 20, 2024.

The press release states that the DST will be rescinded in order to support Canada's "complex negotiations on a new economic and security partnership with the United States", which will now resume "with a view towards agreeing on a deal by July 21, 2025."

The DSTA has not formally been repealed through the parliamentary legislative process. The press release notes that legislation to rescind the DSTA will be introduced "soon". In the meantime, the press release confirms that the "June 30, 2025 collection will be halted", reflecting the normal approach of the Canadian tax authorities of applying tax proposals that have not yet been enacted.

Briefly, the DST was a 3% tax on in-scope revenue (generally, revenue from "online marketplace services", "online advertising services", "social media services", and "user data", each as defined in the DSTA). The tax applied to individual entities and consolidated groups earning more than €750 million of global revenue. A \$20 million deduction was available to be shared proportionately within a consolidated group. The DST was effectively retroactive: the first year of application was 2024, but the first payment was for revenue earned from January 1, 2022 to the end of 2024. The first payment and return covering 2022-2024 were intended to be due on June 30, 2025. Taxpayers had to register under the DSTA by January 31, 2025, if they had \$10 million or more of in-scope revenue (and if they met the €750 million global revenue threshold).

For more information about the DSTA, please see our prior Updates, including [December 21, 2021](#) (first draft of the DSTA), [August 10, 2023](#) (revised draft), [December 4, 2023](#) (final version in Bill C-59, as enacted on June 20, 2024), and [July 4, 2024](#) (entry into force).

If you have any questions or require additional analysis on the DSTA, please contact any member of our [National Tax Department](#).