

## **Supplemental Report: Anticipating the Impact of Tariffs on Age Limits for Vehicles Eligible for Use As Taxicabs**

**Date:** March 25, 2025

**To:** City Council

**From:** Executive Director, Municipal Licensing and Standards

**Wards:** All

### **SUMMARY**

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This supplemental report responds to direction given in [2025.EX21.5](#) to report directly to City Council with an analysis of the anticipated impacts of tariffs on the supply and price of automobiles that could be used as taxicabs and whether, due to tariff impacts, 2016 and 2017 model year taxicabs should have their maximum vehicle age extended.

The speed and volume of trade threats and the on-again off-again implementation of actual tariffs has been unprecedented. On March 12, 2025, the U.S. administration implemented 25% tariffs on steel and aluminum. Canada has announced that it will apply counter tariffs on additional imports from the U.S. if the U.S. proceeds to impose new tariffs on April 2, 2025.

While research suggests that introduction of the announced tariffs and counter-tariffs may increase the purchase price of new vehicles, the uncertainty of their implementation, whether specific industries will get exemptions, and the length of time potential tariffs will be in place for are all factors that should be accounted for when determining long-term effects on the vehicle-for-hire industry.

As these factors continue to be unclear, staff do not recommend amendments to the bylaw to grant further vehicle age extensions at this time. However, staff will monitor the industry and continue to provide advice and recommendations to City Council where appropriate.

This report was prepared in consultation with Economic Development and Culture.

### **RECOMMENDATIONS**

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The Executive Director, Municipal Licensing and Standards recommends that:

1. City Council receive this report for information.

## **FINANCIAL IMPACT**

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There are no financial impacts arising from the recommendation in this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

## **DECISION HISTORY**

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On March 19, 2025, Executive Committee adopted [EX21.5 - Extending Vehicle Age Limits for Vehicles-for-Hire](#), directing staff to report directly to Council on the anticipated impacts of tariffs on the price and supply of automobiles, and whether a 2016 or 2017 model year taxicab should have its vehicle age extended beyond March 31, 2025.

On October 11, 2023, City Council adopted [EC6.6 - Transitioning the Vehicle-for-Hire Industry to Net Zero Emissions by 2030](#), which granted a one time extension of the maximum vehicle age for all vehicle-for-hire by one additional year, and permanently removed vehicle age maximums for zero-emission vehicles.

On July 19, 2022, City Council adopted [GL32.29 - Extending the Vehicle Age Limit for Accessible Taxicabs](#), which temporarily extended the age limit for wheelchair accessible taxis to 10 years until January 1, 2026 and provided a one-year extension for all other vehicles-for-hire.

On December 16, 2020, City Council adopted, with amendments, [GL19.4 Vehicles-for-Hire and COVID-19 Related Financial Hardship](#), resulting in temporary changes to Chapter 546 to extend the maximum age of vehicles provision by two additional years for existing taxicab and sedan limousines.

## **COMMENTS**

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Toronto Municipal Code [Chapter 546, Licensing of Vehicles-for-Hire](#), regulates the provision of vehicle-for-hire (VFH) services, such as taxicabs, limousines, private transportation companies, and their drivers. Municipal Licensing and Standards (MLS) administers and enforces Chapter 546.

### **Vehicle Age Limits in the Taxicab Industry**

Chapter 546 contains standards and regulations that taxi owners must follow to maintain consumer protection and health and safety for the public. Chapter 546 permits any model of light-duty passenger vehicles to be used as a taxicab, as long as certain standards are met, such as maintaining the vehicle in good condition and free from mechanical defects and operating vehicles that do not exceed the maximum permitted vehicle age. As part of the annual licence renewal process, taxicab owners are required

to be inspected at a Ministry of Transportation licensed garage and to submit a safety standards certificate to MLS to prove that the vehicle is safe to operate.

Chapter 546 permits any vehicle used as a taxicab to be a maximum of 7 model years old, and operationally, vehicle owners are granted until the end of March following the final permitted year to replace the vehicle. For example, a taxicab that is a 2020 model year vehicle would reach its limit at the end of 2027 and would need to be replaced by March 31, 2028. Chapter 546 contains the same vehicle age limit regulations for standard taxis, limos and PTCs and were historically introduced to improve the experience of customers, including that newer cars are more fuel-efficient and produce fewer emissions, are likely to have fewer breakdowns (which translates into less downtime, fewer delays, and better reliability for passengers), and come with advanced safety features like collision detection, better braking systems, and improved lighting.

In 2020 and 2022, City Council granted temporary vehicle age extensions for vehicles-for-hire as a support measure for the impact of the COVID-19 pandemic on the industry. In 2023 as part of the City's policy changes to support the industry's transition to Net Zero, City Council amended Chapter 546 to remove vehicle age limits for any zero-emission vehicle and granted a one-year extension of vehicle age for all vehicles-for-hire to provide additional time for vehicle owners to consider the new zero emission vehicle requirements before replacing their vehicles.

Municipal Licensing and Standards currently licences 4,813 taxi vehicle owners. As a result of the vehicle age extensions provided in 2020, 2022 and 2023 a significant number of licensed taxicabs reached their permitted maximum vehicle age at the end of 2024 or will reach their permitted maximum vehicle age at the end of 2025, as seen in Table 1 below.

**Table 1: Taxicabs Reaching Maximum Permitted Age in 2024 and 2025**

<b>Vehicle Model Year</b>	<b>Maximum Age Limit on Dec, 31, 2024*</b>	<b>Maximum Age Limit on Dec, 31, 2025</b>
2013	49	0
2014	203	0
2015	199	197
2016	249	107
2017	408	22
2018	0	257
<b>Total</b>	<b>1,108</b>	<b>583</b>

\*These 1,108 vehicles are currently operating and require replacement by March 31, 2025. To date, an additional 465 vehicles that expired in 2024 have been replaced and 147 are no longer actively operating.

## Potential Impact of Tariffs on the Automotive Sector

Tariffs on automobiles and automotive parts can have wide-ranging effects on the automotive sector for several reasons, recently reported in the media in light of U.S. protectionist policies. Those effects may include:

- Increased costs: Tariffs can raise the cost of imported vehicles and of components, which can lead to higher prices for consumers and increased production costs for manufacturers that rely on global supply chains.<sup>1</sup>
- Pressure on Supply Chains: The automotive industry depends on integrated supply chains across borders. Tariffs can disrupt these networks, requiring manufacturers to adjust sourcing strategies.<sup>2</sup>
- Shifts in production: Tariffs may encourage automakers to shift production to domestic facilities to avoid higher costs. It should be noted that this transition takes time and investment and may not be economically feasible.<sup>3</sup>

The extent of the price increase depends on the tariff rate, the share of imported content and how much manufacturers and dealers will absorb as opposed to passing on to buyers.

The speed and volume of trade threats and the on-again off-again implementation of actual tariffs has been unprecedented. The 25% blanket tariffs implemented on Canada and Mexico on March 4, 2025 were partially unwound within days for products compliant with CUSMA—the NAFTA replacement free trade deal negotiated by the first Trump administration. In response, Canada introduced a set of reciprocal tariffs to encourage substitutions for U.S.-made goods.<sup>4</sup> On March 12, 2025 the U.S. administration implemented 25% tariffs on steel and aluminum. Canada has announced that it will apply counter tariffs on additional imports from the U.S. if the U.S. proceeds to impose new tariffs on April 2, 2025.<sup>5</sup>

Due to the evolving nature of global trade tensions and volume of tariff-related announcement, it is difficult to precisely estimate the full impact on car prices. Factors such as timing, scope, and duration of tariffs, as well as industry responses and supply chain adjustments, add to the uncertainty. As a result, any price estimates should be viewed as approximations, subject to change. However, the following has been reported to be the possible impact of the potential tariffs and counter-tariffs:

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1 [Trump's tariffs on steel, aluminum set to drive up costs for North American car buyers and manufacturers - The Globe and Mail](#)

2 [Tariffs on Auto Industry: Extended Disruption Now More Likely | S&P Global](#)

3 [Tariffs on Auto Industry: Extended Disruption Now More Likely | S&P Global](#)

4 [Canada responds to unjustified U.S. tariffs on Canadian steel and aluminum products - Canada.ca](#)

5 [Reciprocal Trade and Tariffs – The White House](#)

- J.D. Power estimated that 25 per cent U.S. tariffs and counter-tariffs could add \$6,000 to the price of a new vehicle, which is a 9.2 per cent increase given that the average new vehicle in Canada costs \$64,600, according to Autotrader. <sup>6</sup>
- S&P Global also estimated that 25 per cent U.S. tariffs would add \$6,250. Importers are likely to pass most, if not all, of this increase to consumers. <sup>7</sup>

While the specific impact of tariffs remains uncertain – given variations in scope, timing, and potential industry responses – the auto manufacturing sector is particularly exposed. The auto sector is highly integrated, with parts crossing Canada-U.S. border multiple times during the production process before a vehicle is completed.<sup>8</sup> In the context of the Toronto region, the auto sector is comprised of subsectors that drive economic activity, supporting employment, technological innovation, and trade with strong interconnection across manufacturing, retail, and aftermarket service. Combined, these subsectors contributed 1.1% towards GDP in 2023 and supported approximately 70,000 jobs.<sup>9</sup>

## Considerations for Extending the Age Limit for Taxicabs

[Item EX21.5 - Extending Vehicle Age Limits for Vehicles-for-Hire](#), was considered by Executive Committee at its meeting of March 19, 2025 and recommends permanently extending the permitted vehicle age for all wheelchair accessible vehicles used as a taxicab, limousine or PTC to 10 years. It also recommends a temporary extension, until August 29, 2025, for any taxicab that reached its vehicle age limit at the end of 2024, to account for reported delays in vehicle delivery and outfitting of vehicles with bylaw mandated taxicab equipment.

While research suggests that introduction of the announced tariffs and counter-tariffs may increase new vehicle prices, the uncertainty of their implementation, whether specific industries will get exemptions, and the length of time potential tariffs will be in place for are all factors that should be accounted for when determining long-term effects on the vehicle-for-hire industry. The immediate impact of these factors on vehicle price and availability continues to be unclear and it is not known how quickly these impacts could be felt by consumers, should the tariffs come into effect. Considering the rationale for vehicle age limit regulations, staff do not recommend bylaw amendments for further vehicle age extensions where they do not align with broader policy goals like accessibility and emission reductions. However, staff will monitor the industry and continue to provide advice and recommendations to City Council where appropriate.

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<sup>6</sup> [Auto prices already rising as tariffs loom | Financial Post](#)

<sup>7</sup> [Trump's automotive tariffs would impact nearly all OEMs | S&P Global](#)

<sup>8</sup> [What is the impact of tariffs on the U.S. economy? - RBC Thought Leadership](#)

<sup>9</sup> EDC Research Calculations, Statistics Canada

## **CONTACT**

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## **SIGNATURE**

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