

# CSCB MEMBER FORUM (the second in our series): WHAT COVID-19 MEANS FOR YOUR BUSINESS

April 17, 2020

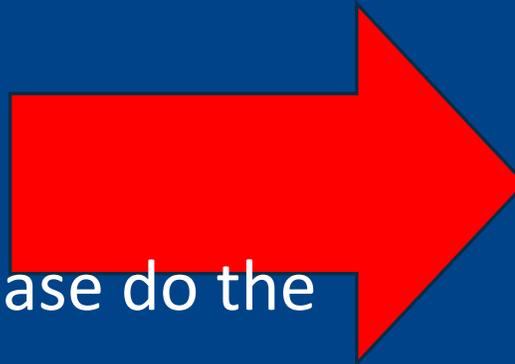
**CSCB**  
CANADIAN SOCIETY  
OF CUSTOMS BROKERS

**SCCD**  
SOCIÉTÉ CANADIENNE  
DES COURTIERS EN DOUANE

# OPEN MIC DISCUSSION

To participate in the discussion, please do the following:

- Use the “raise your hand” feature, we will unmute your mic
- If using the phone, please enter the AUDIO PIN provided by the platform
- If you’re dialing in via phone, please mute your computer audio
- Questions panel available for written questions



A screenshot of a GoToWebinar interface. The top part shows the 'Audio' settings panel with 'Computer audio' selected and 'Phone call' unselected. A microphone icon is labeled 'MUTED'. Below this, there are dropdown menus for 'Transmit (2- Plantronics Savi 7xx)' and 'Speakers (2- Plantronics Savi 7xx)'. A volume slider is visible. The bottom part shows a 'Questions' panel with a text input field containing '[Enter a question for staff]' and a 'Send' button. At the very bottom, it says 'Webinar Now', 'Webinar ID: 200-167-467', and the GoToWebinar logo.

# CARM UPDATE

- ▶ Trade Chain Partner Working Group and Sub Working Group meetings for the remainder of April and May are cancelled; we will be updated by CBSA before the end of May on whether these meetings will resume in June.
- ▶ CBSA has confirmed that the CARM solution will not deploy in Summer 2021.
- ▶ Given the current environment, it will require some time for the CARM project team to provide future deployment dates.

## POLL QUESTION

The CFIA has indicated that they are seeing an increase in legacy system usage since COVID-19.

**Has working from home impacted your ability to transmit shipments in IID?**

## KEY POINTS WHEN WE LAST SPOKE, ON APRIL 9

- ▶ CBSA has not said “no” to our proposal (to suspend broker liability, make no claims on importer bonds over this period).
  - ▶ We were working with the Department of Finance on responses to questions.
  - ▶ We were asking for the support of other associations.
- 

# IN A SHORT WEEK (AND WE MEAN SHORT!). . .

- ▶ We prepared a paper for the Department of Finance which was delivered the morning of April 14 (you have this).
- ▶ The CSCB Executive team met with the Department of Finance to discuss the paper on April 15.
- ▶ We provided the paper to CBSA on April 14 and requested a meeting to discuss; that meeting is scheduled after this Forum.
- ▶ We had great success mobilizing the support of other associations on this issue and this continues to be a “work in progress”: Surety Association of Canada, CFIB, CPMA, Supply Chain Management, AICBA, CIFFA, CVMA, APMA, Canadian Apparel Federation.

## BOTTOM LINE

No alternate proposals have come forward. There is general agreement that the majority of importers will not be able to benefit from deferral unless something is done to address the issue of liability.

There is significant risk of business failure – both importers and customs brokers – if the proposals on waiver of liability/importer bond claims are not implemented.

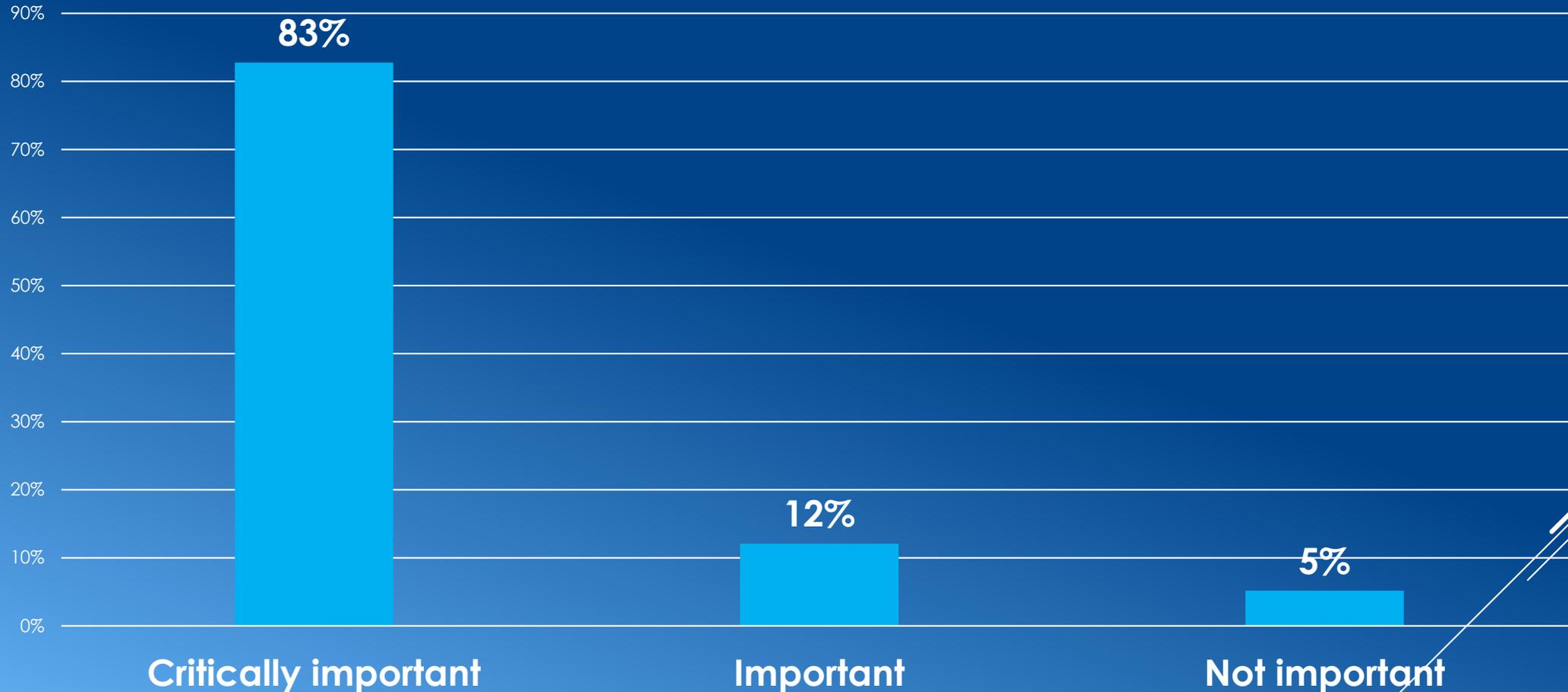
# RESPONSES TO APRIL 9 POLL



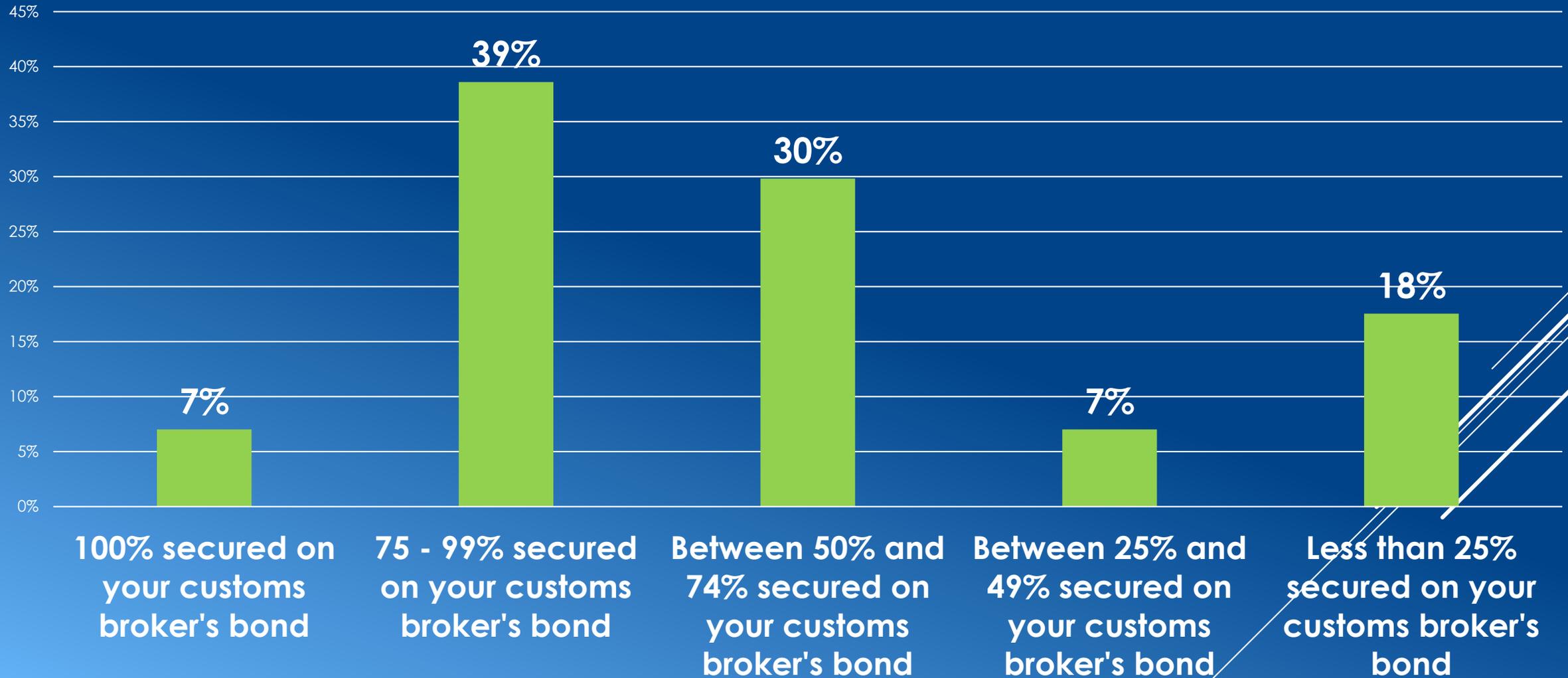
# ARE YOU CONCERNED ABOUT YOUR BUSINESS'S CAPACITY TO SURVIVE THIS CRISIS?



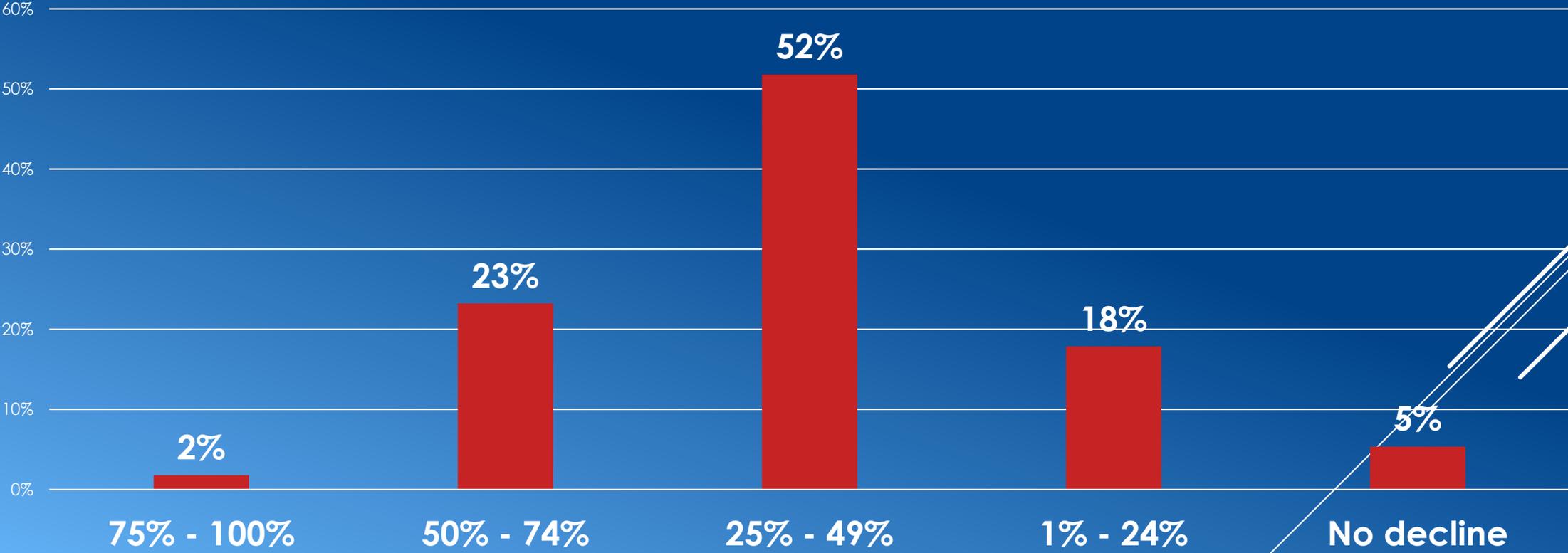
# HOW IMPORTANT IS IT TO YOUR BUSINESS THAT THE GOVERNMENT WAIVES CUSTOMS BROKER LIABILITY FOR THE JUNE 30 PAYMENT?



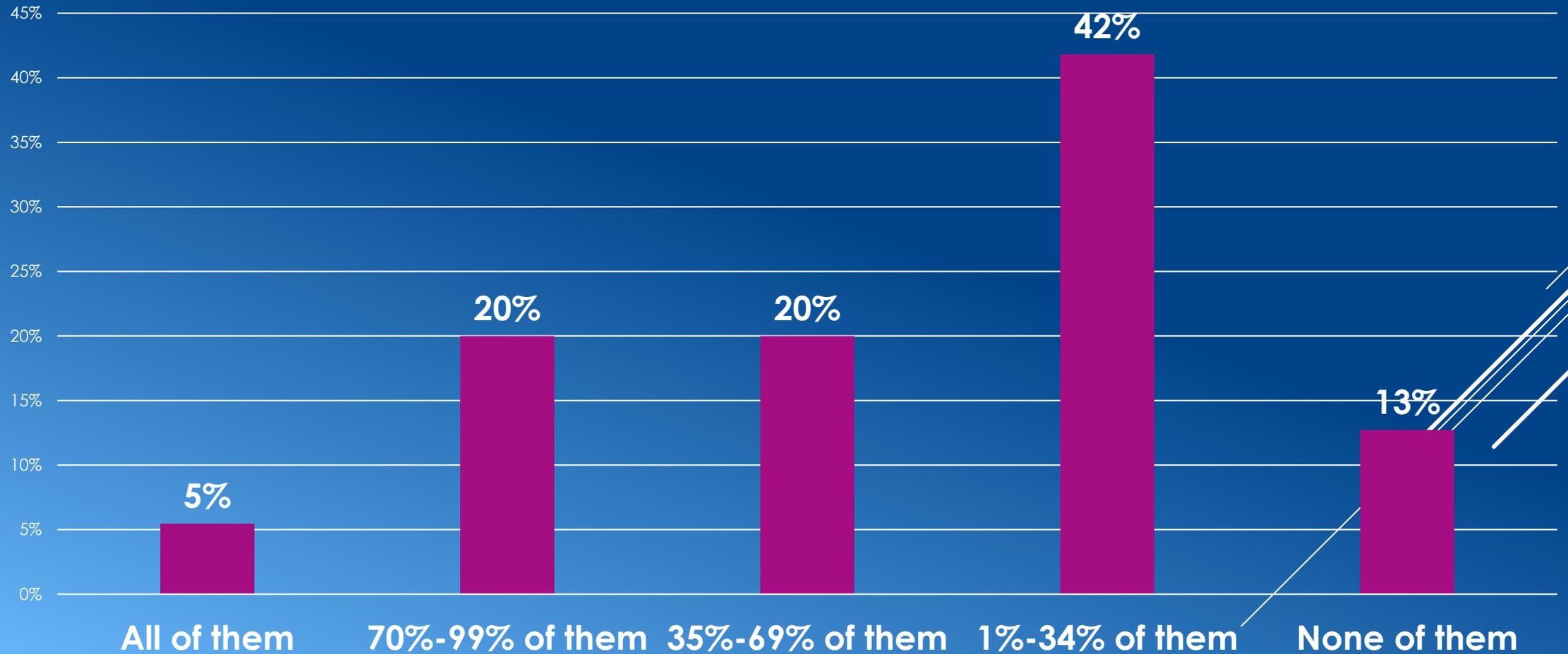
# HOW IS THE EXPECTED DUTY AND TAX THAT WILL BE DUE ON JUNE 30 FOR TRANSACTIONS FILED BY YOU, SECURED?



# HOW MUCH OF A DECLINE DO YOU EXPECT IN DUTY AND TAX DUE ON JUNE 30 FOR TRANSACTIONS FILED BY YOU, IN COMPARISON TO 2019?



# OF THOSE CLIENTS WHO WILL CONTINUE TO USE YOUR CUSTOMS BROKER BOND, ARE YOU REQUIRING PREPAYMENT OR A DEPOSIT BY:

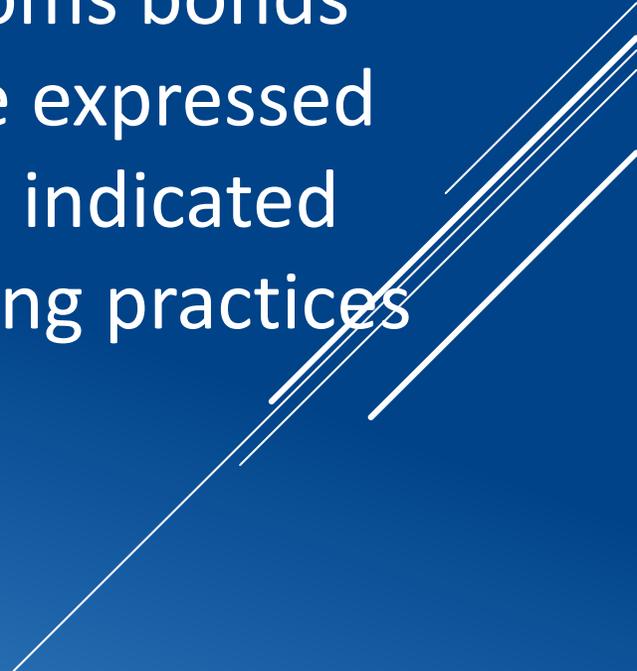


## THE PERSPECTIVE FROM THE SURETY ASSOCIATION OF CANADA

- ▶ While praising the intention of CBSA in extending the payment period, all (members) expressed serious concerns about deferral and the unintended, but potentially toxic side effects for sureties who are charged with backstopping the payment risk for customs brokerages and importers
- ▶ Importers across all industry sectors are already struggling to maintain the revenue and cash flow need to keep them afloat.

## THE PERSPECTIVE FROM SAC (2)

The bottom line impact of these issues could well result in a reluctance among sureties to continue writing customs bonds unless some additional relief is granted. While none expressed an intention to pull out of the market altogether, all indicated an intention to significantly tighten their underwriting practices and criteria.



# WHAT ABOUT GST LETTERS?

- ▶ It has been assumed that the customs broker has no liability for payment when a GST letter is used.
- ▶ CBSA has said:
- ▶ *While the CBSA has the right to go against a broker's security, in the case of GST letters it is not our practice to do so provided an importer has signed a GST agreement and the broker is using the option correctly putting the "G" in the payment field of the B3. The intent of a GST option and the importer direct security option was to reduce the amount security a broker is required to post.*
- ▶ We have requested legal advice on whether the customs broker has any liability for payment of GST when he has a signed GST Direct Payment Option letter for that client.

## WHAT ABOUT GST LETTERS? (2)

- ▶ Broker received a GST letter from Importer before month end payment. Entries were not transmitted with a 'G'. GST Letter was not backdated.
- ▶ Importer goes bankrupt as a result of COVID-19
- ▶ Is the broker liable for payment of GST?

## WHAT DID FINANCE ASK?

Could the CSCB comment on the actions taken to date by brokers following the government's announcement? To what extent are brokers now requiring deposits or advanced payment of duties and taxes from importers? Are brokers considering other actions to account for the change in their risk exposure?

- ▶ Individual comments on broker's credit policies
- ▶ Individual comments on the use of deposits or advance payments
- ▶ Consideration of other actions to account for risk exposure

# POLL QUESTION

Of those clients who will continue to use your customs broker bond, are you requiring prepayment or a deposit by...



## WHAT DID FINANCE ASK ? (2)

TO WHAT EXTENT HAVE ALTERNATIVE ARRANGEMENTS BEEN EXPLORED, IN PARTICULAR WITH IMPORTERS? FOR EXAMPLE, HAVE IMPORTERS BEEN ENGAGED TO EXPLORE POTENTIAL RISK-SHARING ARRANGEMENTS?

The image features a solid blue background. In the bottom right corner, there are several white, parallel diagonal lines that create a sense of motion or a graphic element.

## POLL QUESTION

How is the expected duty and tax that will be due on June 30 for transactions filed by you, secured?

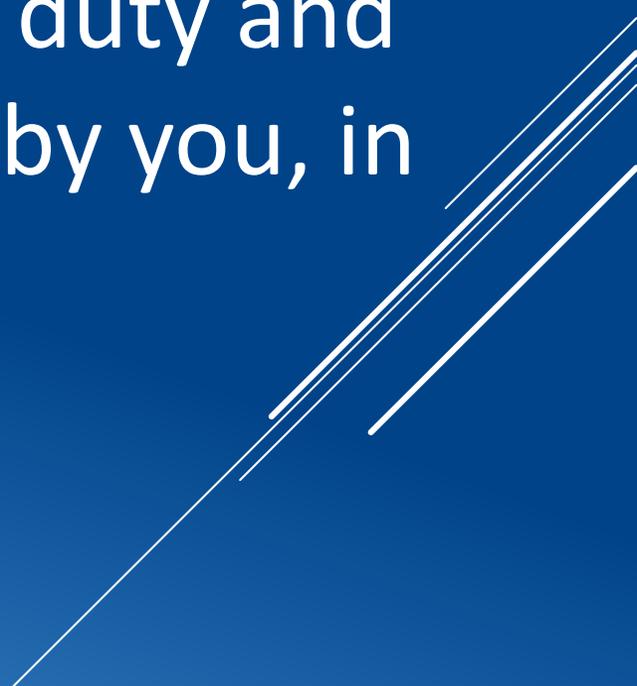


## WHAT DID FINANCE ASK? (3)

HAVE THE CSCB'S ASSUMPTIONS ON RISK EXPOSURE GOING FORWARD TAKEN INTO CONSIDERATION TRADE FLOWS IN THE CURRENT ENVIRONMENT, NAMELY THE SIGNIFICANT DECREASE IN IMPORTS WE ARE OBSERVING AS A RESULT OF THE COVID-19 CRISIS? WHAT DO YOU ESTIMATE TO BE THE POTENTIAL LIABILITY?

## POLL QUESTION

How much of a decline do you expect in duty and tax due on June 30 for transactions filed by you, in comparison to 2019?



# BEST PRACTICES

Discussion introduced by Rod Kyle and Deborah Osborne



## POLL QUESTION

Would your company be willing to contribute to a CSCB industry-wide initiative on credit and payment best practices?



## POLL QUESTION

Are you concerned about your business's capacity to survive this crisis?

A decorative graphic consisting of several parallel white lines of varying lengths, slanted upwards from left to right, located in the bottom right corner of the slide.

# CSCB WEBSITE



## Border Issue Management under COVID-19

Find out more

[CSCB Website](#)