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# Trade Chain Partner Working Group (TCP WG) Consultation Session

DRAFT – FOR DISCUSSION PURPOSES ONLY

December 11, 2019

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CARM | CBSA Assessment and  
Revenue Management

# Teleconference Technical Guidelines

- Call in to the meeting by dialing the number provided in the invitation.
- Please mute your phone by pressing \*6
- To unmute your phone press \*7 and join the discussion, it is helpful for participants if you can identify yourself before speaking
- Once you are finished speaking, please mute your phone again by pressing \*6
- To answer an incoming call, please hang up the line and call back into the meeting. Putting the call on hold may cause the group to hear background music or beeping.

# Agenda

Topic	Speaker	Timing
Technical Rules of Engagement	Kevin Horseman	10:00AM – 10:30AM
Opening Remarks	Lisa Anawati	
Recap of November TCP WG Sessions	Kevin Horseman	
Financial Security Update	Jonathan Hopkins	10:30AM – 12:30PM
Lunch		12:30PM – 1:00PM
Delegation of Authority Update / Transaction Types in the CCP	Carola Daffner	1:00PM – 1:45PM
Recap of Recent Technical SWG Sessions	Carola Daffner	1:45PM – 2:30PM
Health Break		2:30PM – 2:45PM
Questions and Answers	Kevin Horseman	2:45PM – 3:30PM
Roundtable and Conclusion	Lisa Anawati	3:30PM – 4:30PM



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# Recap of November TCP WG Sessions

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# Recap of November TCP WG Sessions

- Trade Chain Partner Working Group member presented option for consideration for disbursement process.
- CARM provided an overview on the various legislative and regulatory changes that are desirable to enable the features of CARM.
- CARM provided an update on the upcoming cycle of engagement with the trade chain community.
- CARM invited members from the Treasury Board Secretariat to speak on the Government of Canada's Cloud Adoption Strategy. CARM provided an overview of CARM's move to Cloud technology, and how CARM data will be secured.

# Additional questions?





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# Financial Security Update

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# How will Financial Security evolve under CARM?

CARM is moving to Importer liability for the Release Prior to Payment (RPP) program

- Financial Security in the Context of the CARM Project
- Overview of the RPP Program as of CARM Release 2
- How CARM will Enable the Future State RPP program
- Summary of Key Changes
- How will the future state RPP program be rolled out?
- How will the future state RPP program function as of CARM R2?
- Next Steps

# Financial Security in the Context of the CARM Project

CARM is focused on moving to Importer liability for the Release Prior to Payment (RPP) program

There are multiple areas where financial security exists at the CBSA. The CARM Project **will modernize the structure of the RPP program.**

## Current security programs

- Security for In-bond Movements
- Travelers Administrative Fees
- Special Services D1-2-1
- Suffrance Warehouse Security
- Bonded Warehouse Security
- Courier Security
- Duty-Free Shop Operator Security
- Customs Broker Licensing Security
- Release Prior to Payment (RPP) Security
- Temporary Admission Permit – Form E 29B
- Temporary Importation (Tariff Item No. 9993.00.00)
- Provisional Duty Security (under SIMA)
- Appeals

**Release Prior to Payment (RPP) financial security will be set at the Importer level as of CARM Release 2**

# Overview of the RPP Program as of CARM Release 2

CARM will streamline the RPP program for TCPs and the CBSA, clarifying liability and enhancing trade facilitation

## Future State Overview

- Liability will be established at the Importer level.
- All Importers will be required to post security to participate in the RPP program. Importers will no longer be able to use their Customs Broker's RPP security to clear shipments and receive release prior to payment.
- The amount of RPP security an Importer (resident or non-resident) is recommended to post will be based on their highest historic monthly accounts receivable over a 12 month period, inclusive of duties, taxes (GST), fees, and penalties.
- It is the Importer's responsibility to manage and maintain the appropriate amount of RPP security relative to their accounts receivable, inclusive of duties, taxes (GST), fees, and penalties. The \$10 million cap in place today will remain.
- An Importer will have the flexibility to make interim payments to reduce their RPP security utilization, and raise or lower their RPP security to account for seasonality or other fluctuations in their business.



## Overview of the RPP Program as of CARM Release 2 – Cont'd

CARM will streamline the RPP program for TCPs and the CBSA, clarifying liability and enhancing trade facilitation

### Future State Overview

- The CBSA will monitor the utilization of an Importer's RPP security (i.e. current account balance compared to RPP security posted). A summary of the potential thresholds and related actions is presented below.

RPP Security Utilization	Timing*	Action*
> 75%	Day 1	Nudge
> 100%	TBD	Second Nudge
		Risk, Trust, Compliance (RTC) Score Impact
		Fee Issued
		Removal from RPP Program

- \*Note: The specific timing and actions are illustrative at this point in time, pending further consultation with the TCP community.

## How CARM will Enable the Future State RPP program

CARM will simplify how bonds are received by the CBSA and will provide functionality to view and manage RPP security via the CARM Client Portal

**Importers will continue to be required to obtain a bond from an acceptable Surety Company as outlined and published by the Treasury Board of Canada Secretariat.**

- <https://www.tbs-sct.gc.ca/pol/doc-eng.aspx?id=15796>

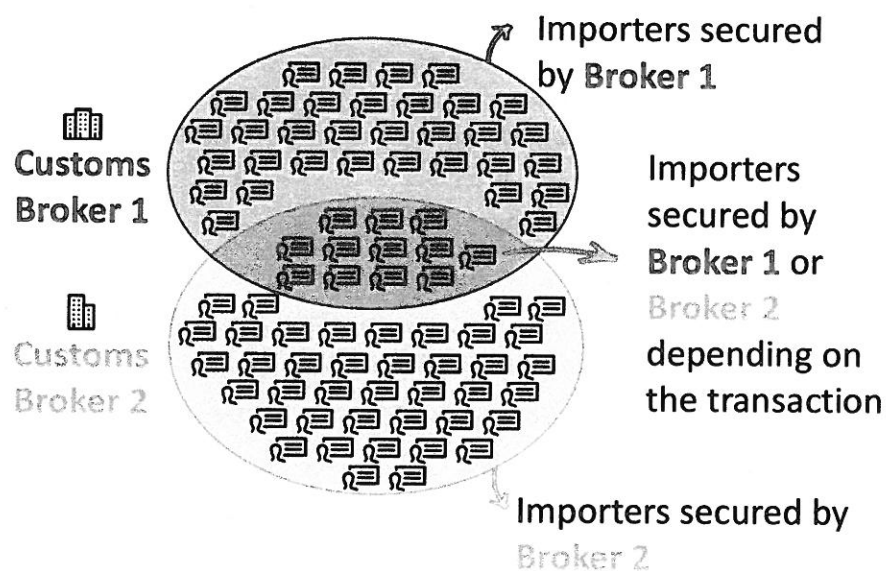
### Future State Functionality

- CARM will enrol Surety Companies via the CARM Client portal and provide the ability to establish a direct connection with the CBSA via an Application Programming Interface (API).
- CARM will simplify how the CBSA will receive bonds via the following options:
  - An Importer will obtain a bond with a Surety Company, and CARM will receive the bond via an API set up with the Surety Company, or,
  - An Importer will enter their bond information on the CARM Client Portal, and their Surety Company will be notified to validate they have a bond for the amount specified.
- The CARM Client Portal will provide the ability for Importers to view all security posted including current utilization of RPP bonds, and will prompt the Importer with proactive nudges to increase security or make payment if their account balance is approaching the amount of RPP security posted.

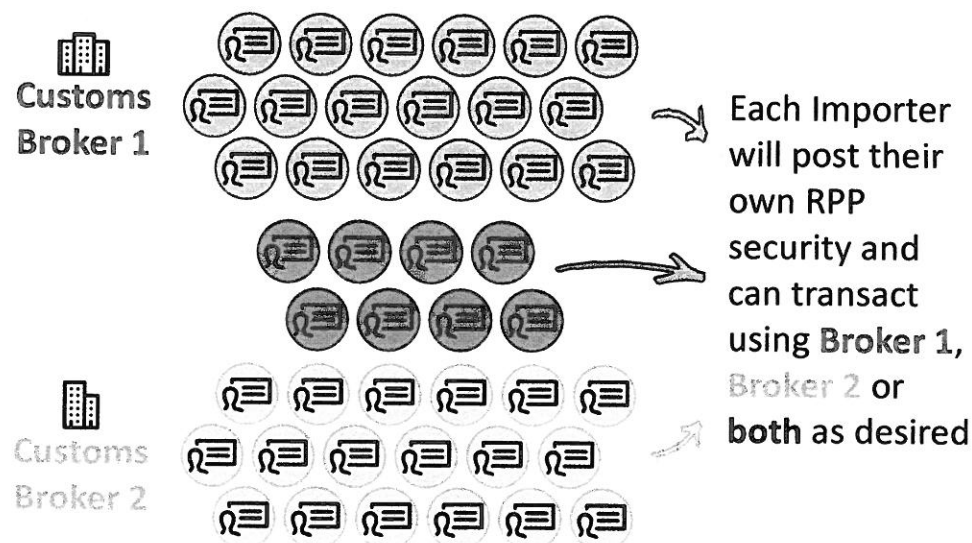
# Key Changes

An illustrative example of how Importer liability will shift the structure of the RPP Program is outlined below

## Current State RPP Structure



## Future State RPP Structure

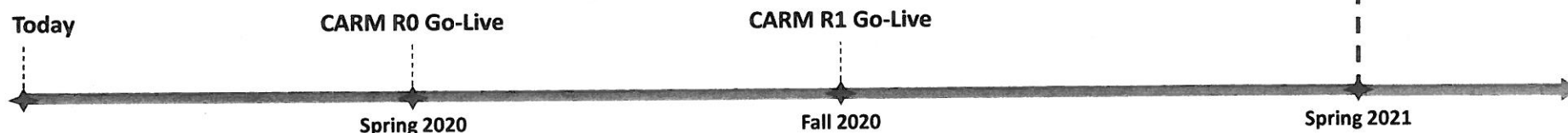


## How will the Future State RPP Program be Rolled Out?

The transition to the future state RPP program must begin as soon as possible..  
CARM will provide tools and support throughout the transition

To facilitate the transition towards Importer liability, **Importers should obtain RPP security prior to R2 go-live.** This action can be taken now by obtaining a bond and enrolling in the current state Importer Direct (I) RPP security option. Importers enrolled in the Importer Direct option will have their RPP data migrated to CARM.

CARM R2 Go-Live



CARM will establish a temporary solution to allow Surety Companies to pass bond information to CBSA prior to R2 go-live, allowing the CBSA to migrate those Importers who have obtained bonds onto the RPP program. **Further information and timelines will be communicated as a solution is finalized.**

# How will the Future State RPP Program Function at CARM R2?

The CARM Client Portal will support importers in managing and monitoring their RPP security utilization

**CARM R2 Go-Live**

**As of CARM R2 go-live, it is recommended all importers have RPP security in the amount of their highest monthly accounts receivable, inclusive of duties, taxes (GST), fees, and penalties.**

**CARM will provide the ability to view security posted with the CBSA, including current utilization of RPP bonds. Any updates or new bonds procured will be pushed directly to the CBSA via the API established with the respective Surety Company or validated by the Surety Company on the CARM Client Portal.**

Spring 2021

**Should an Importer choose not to obtain security, they will not be permitted to obtain Release Prior to Payment as of CARM R2 go-live.**

## Next Steps

The transition to Importer liability will require action by the Importer community, Customs Brokers, Surety Companies, and the CBSA

### **CARM is committed to:**

- Continuing to communicate further details on the future state RPP program and transition to Importer liability.
  - Targeted consultations with the surety industry will be scheduled early in the new year.
  - Key messages will be distributed to the TCP community, leveraging various forums and mechanisms.
- Working with Importers and Surety Companies to implement an interim solution to receive bonds prior to R2 go-live.

### **As key players in the Trade ecosystem, our ask from you is to:**

- **Importers:**
  - Obtain a RPP bond and enrol in the Importer Direct RPP Security option.
  - Speak with a Surety Company and obtain RPP security prior to R2 go-live.
- **Customs Brokers:**
  - Communicate to your Importers that they will be required to obtain RPP security prior to CARM R2 go-live.
- **Surety Companies:**
  - Issue RPP bonds to Importers and work with CARM to establish a solution to receive bonds prior to the API and CARM Client Portal RPP functionality going live as of R2.
  - Prepare to enrol with the CBSA, create a CARM Client Portal Account and establish an API as of CARM R2 go-live.



# Additional questions?





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# Delegation of Authority Update / Transaction Types in the CCP

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# Delegation of Authority Update

We heard the following concerns:

- Brokers and service providers would prefer if other brokers/service providers could not see their transactions, rulings etc. on an importer's account
- The 'all or nothing' access to the portal is not desirable and more granularity is preferred
  - E.g. 'View' access for a service provider / broker enables them to see all activity on the importer's account, regardless of who submitted a given ruling or transaction
  - There is no ability for importers to e.g. assign access by activity, e.g. 'Rulings only', or 'CAD only'
- Concerns about usability and effort involved to set up access using individual access assignments
- Concerns about the fact that broker access means that all broker employees will have access to an importer's account

# Delegation of Authority Update

- Options under consideration
- Restrict access to the filer by default
  - Brokers and service providers will only be able to see transactions, rulings etc. that they filed on behalf of the importer (default access)
  - The importer can modify access so that their broker(s) has access to see all their information
- Capture portal user to business relationship (employee to employer)
  - After the business to business relationship between importer and broker is established, access to the importer's account is given to the broker's business account manager(s), who can then assign a subset of their employees to the importer account

# Transaction List – Document Types

- Financial transactions are identified by document type and their transaction

Document Type(s)	Description
E9	E29B
	Assess\Reassess (B3,B2-1, RSF)
	RSF goes away in the future. Corrections document (e.g. C1 used for corrections instead of B2).
B3, B2, RSF, C1	
AI	Penalty
IN	Interest
P1	Drawbacks
WO	Write-Offs
OP	Refunds
OR	Refunds - RF Clearing
K3	K23 invoice
K9	Ascertain forfeitures
LP, LC, LD, CD	Incoming payments
SD (new)	Security Deposit

# Transaction List – Transaction types

Transaction Descriptions		
Security Deposit - Down Pay E29B	PTT MN	GST/HST on billed goods & service
Security Deposit Payment E29B	PTT AB	QC - Provincial Portion of QST on billed goods and services (K23)
Duties - Commercial	PTT BC	Broker License fees
Special Assessment (SIMA)	NPA Initial (AMPS)	Interest on Late Payment
Excise Duties - Cigars	NPA Cancellation (AMPS)	Copies of Documents
Excise Duties - Cigarettes	Late Accounting Penalty (CCS)	Storage Charges
Excise Duties - Tobacco	GST/HST Penalty Revenue	Special Service Fee
Excise Tax - Automobiles	Custom Penalties	NSF Administration Fee
Excise Tax - Air conditioning	Excise Tax Penalties	Licenses and permits
Excise Duties - Beers	Interest on Late Payments	Customs Bonded Warehouse fees
Excise Tax - Wines <=7%	Interest Refundable	Customs Sufferance Warehouse fees
Excise Tax - Wines >7%	Drawbacks - Reduction of Duty	Miscellaneous service fees
Excise Tax - Bulks Spirits & D	Drawbacks - Reduction of SIMA	Cost recovery program / MOU / Special Charge
Excise Tax - Miscellaneous	Drawbacks - Reduction Other	RCMP Seizures
Excise Tax - Gasoline	D/BACKS EXCEPT GAS -IMPORTS	Port Seizures
Excise Tax - Casual Import.	Write-Offs (Debits)	Customs investigative services seizure
Excise Duties - Spirits	Misc-Cash over (Credits)	Receipt of counterfeit money
Excise Tax - Diesel Fuel	Low Value Amount set off	Fines and forfeitures
GST Revenue on Imports	Penalty Amount Refund	Custom Penalties
HST Revenue on Imports	Refunds - Duty	Priority Post Handling Fee
QST QC	Refunds - Imports	Incoming Payments
PST MN	Refunds - Excise tax	Return Payment
PST SK	Refunds - Temp Sec. Dep	Prepaid Payment
PST BC	Pre go-live E29B	IS I/E Conversion
PTT NB	Refunds - In Transit	Cash security deposit statistical entry
PTT QC	Refunds - Confirmed	Negative GST statistical entry



# Additional questions?





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# Recap of Recent Technical SWG Sessions

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# Recap of Recent Technical SWG Sessions

- Two day in-person deep dive session on November 18 and 19 fostered valuable conversations and insights with a select group of technical representatives while covering the following topics:
  - i. Commercial Accounting Declaration (CAD) Restructure and Data Model
  - ii. CAD EDI Message Flow
  - iii. CAD Submissions
  - iv. CAD Adjustments and Corrections
- A webinar, held December 2, socialized the topics covered above to the greater TCP community and addressed a majority of the open questions raised during the November session
- Feedback was received and is being incorporated on the data model including the hierarchy of fields, addition and removal of specific fields as well as the structure of the data
- Greater clarity for EDI message flow and connection was achieved including authentication, new queues for MQ, implementing functional acknowledgment messages and query details

## Recap of Recent Technical SWG Sessions (cont'd)

- Alignment reached on SIMA and PST calculations and fields with CARM providing rounding and decimal details in the January Technical sessions
- Preliminary questions regarding Daily Notice (DN) and Statement of Account (SoA) were raised and responded to (Timings and Volumetric Concerns) with plans to cover DN and SoA in greater depth during the January Technical sessions
- Questions regarding the scope and functionality of Portal were answered while items remained open regarding CSA, CLVS, Recapping, Testing and Transition
- In the upcoming January Technical sessions the following topics will be addressed:
  - i. CAD Cancel Operation
  - ii. Record of Intent and Mass Adjustments
  - iii. Pre-CARM Adjustments
  - iv. Customs Self Assessment (CSA)
  - v. Courier Low Value Shipment (CLVS)
  - vi. Warehouses
  - vii. Application and Testing Process
  - viii. Daily Notice (DN) and Statement of Account (SoA)

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# Questions & Answers

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# Questions & Answers

Question	Answer
Process/Workflow	
How will the CBSA know to expect the accounting information from the importer vs. the customs broker who filed the clearance?	The CBSA will expect the Commercial Accounting Declaration (CAD) within the time limit (maximum five business days from date of release), regardless of who submitted the release document. It is the importer's responsibility to ensure that the CAD is received by the CBSA within this time period; regardless of who submits it to the CBSA.
How will PST be calculated under CARM?	The CARM solution will not calculate PST. TCPs will continue to calculate the PST values as they do today.
Program Enrolment	
Please confirm the programs that a client can register/enroll in Release 1.	As of Release 1, the CARM Client Portal will enable Importers, Exporters and Customs Brokers to access the portal. However, there will be no registration or enrolment in CBSA programs through the CCP until Release 2. New Importers, Exporters, and Customs Brokers can use today's process to acquire a BN9 and RM through the CRA, then register for the CCP.
Rulings	
Will historical rulings be available in CARM by Release 1?	No. Historical rulings will continue to be available on the CBSA website as they are today, provided that they are published.

## Questions & Answers (cont.)

Question	Answer
	Offsetting
Will Trade Chain Partners (TCPs) have the ability to modify their offsetting options through the portal?	A TCP in good standing with the CBSA will be able to modify their offsetting options through the CARM Client Portal. These options include offsetting within an RM account, across multiple RM accounts, or at the BN9 level. The CBSA will <b>not</b> crossover RM accounts, unless the Importer selected this offsetting option, or if the accounts is in arrears.

# Additional questions?





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# Roundtable and Conclusion

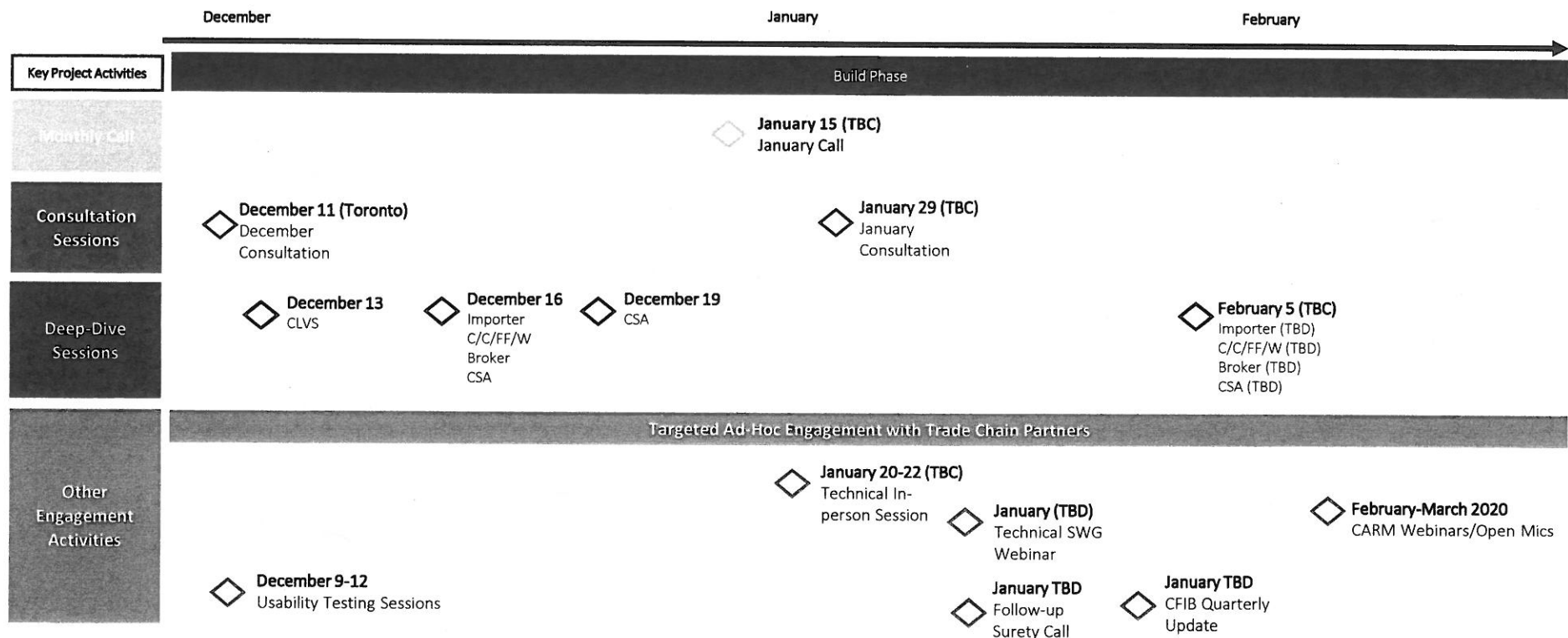
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# Updated TCP WG Activity Calendar

The following outlines the high-level schedule for the upcoming 3 months of TCP WG activities, including other relevant CARM TCP engagement activities.



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\*\*\* Draft concepts are provided for discussion and are subject to change \*\*\*

# Thank You!

## For more information:

- Visit the CARM CBSA website
- Email: CBSA.CARM Engagement-Engagement de la GCRA.ASFC@cbsa-asfc.gc.ca
- Follow CBSA social media accounts: Facebook (Canada Border Services Agency) and Twitter (@CanBorder), and LinkedIn (coming soon)