



Trade Chain Partner Working Group (TCP WG)

DRAFT – FOR DISCUSSION PURPOSES ONLY

December 7, 2022

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Agenda

Topic	Speaker	Timing
Technical Rules of Engagement	Kevin Horseman	10:00AM
Opening Remarks	Mike Leahy	10:00AM – 10:10AM
Regulatory Proposal: Overview	Janine Harker / Kelsey Munroe	10:10AM – 11:15AM
Q&A / Conclusion	All / Mike Leahy	11:15AM - 11:30AM



Opening Remarks

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Regulatory Proposal

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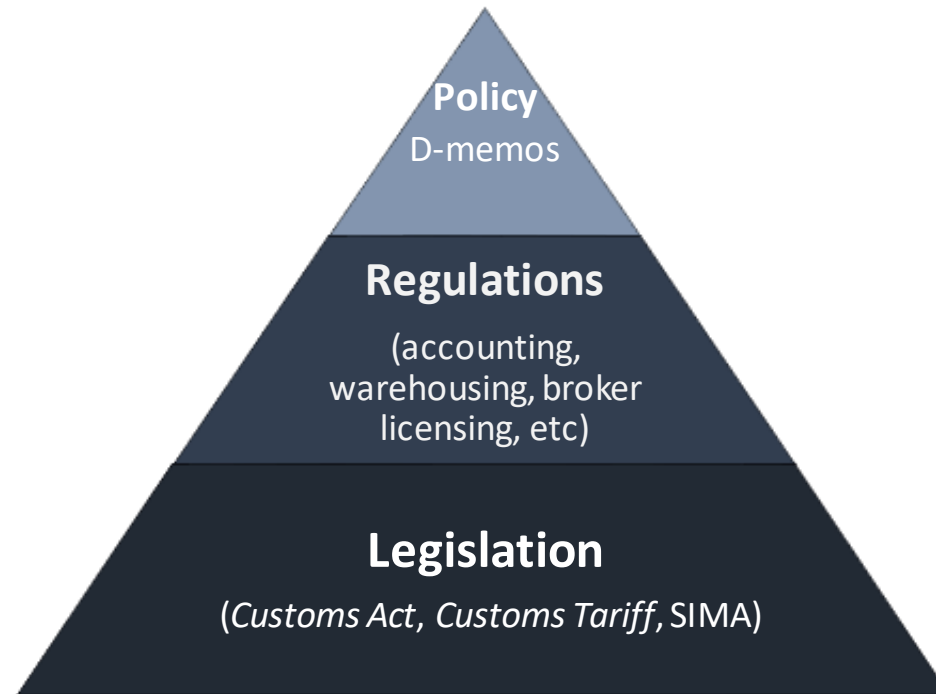


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Objective

- Legislative and regulatory amendments have been sought to ensure that everyone—trade chain partners and the CBSA alike—is operating from a solid legal foundation when CARM Release 2 (R2) is implemented.





Legislative Amendments – BIA 2021 and 2022

- The *Customs Act* and its regulatory framework currently favour paper documentation and specified forms of payment.
- To ensure the CARM system can be used as intended, the CBSA sought:
 - amendments to the *Customs Act* to allow it to be administered and enforced by electronic means, including by enabling electronic forms of accounting and payment.
 - enabling authorities to support regulatory amendments for greater consistency in billing periods and payment due dates, and to establish the terms and conditions for an electronic financial security regime.
- These amendments received Royal Assent in the 2021 and 2022 iterations of the *Budget Implementation Act*.
- They will come into force to align with CARM R2.



Legislative Amendments – BIA 2021 and 2022

Required legislative amendments	Bill
Harmonize payment due dates and interest rules for all transactions falling within a billing period.	C-30 (BIA 2021)
Ensure that accounting corrections made in compliance with the Act will not result in a re-determination or penalties.	C-30 (BIA 2021)
Ensure that persons who provide financial security abide by the terms and conditions associated to the financial security.	C-30 (BIA 2021)
Allow the Minister to send CBSA notices and other communications in electronic format.	C-19 (BIA 2022)
Allow the Minister to specify the manner of payment of any amount required to be paid under the Act.	C-19 (BIA 2022)
Ensure that the Minister can seek any bond, security or deposit required under the Act to be provided electronically.	C-19 (BIA 2022)



Regulatory Amendments

The following regulations require amendments to ensure CARM can be implemented as intended:

<i>Accounting for Imported Goods and Payment of Duties Regulations</i>	<i>Special Services (Customs) Regulations</i>
<i>Customs Bonded Warehouses Regulations</i>	<i>Special Services Regulations</i>
<i>Customs Brokers Licensing Regulations</i>	<i>Storage of Goods Regulations</i>
<i>Customs Sufferance Warehouses Regulations</i>	<i>Temporary Importation (Tariff Item No. 9993.00.00) Regulations</i>
<i>Designated Provisions (Customs) Regulations</i>	<i>Temporary Importation (Excise Levies and Additional Duties) Regulations</i>
<i>Duty Free Shop Regulations</i>	<i>Transportation of Goods Regulations</i>

In addition, a new regulation – the *Financial Security (Electronic Means) Regulations* – was created to establish the terms and conditions for electronic forms of financial security.



Regulatory Amendments – Key themes

There are three key areas of CARM's full functionality that require regulatory amendments:

- ***Electronic communication and electronic payments:*** allow trade chain partners to communicate with the CBSA and make payments by electronic means; remove requirements to deal with a specific CBSA representative at a specific physical location.
- ***Provision of financial security electronically:*** enable a financial security regime that moves away from dependence on a paper bond; allow for security deposits and security arrangements between a trade chain partner and a surety provider to be confirmed/communicated to the CBSA by electronic means.
- ***Billing cycles:*** make changes to billing periods; update accounting due dates for certain CBSA import programs; introduce a harmonized payment due date; enable a “versionable” correction period.

We are also proposing several “housekeeping” amendments to update the names of legislation, responsible Ministers, departments/agencies, etc.



Electronic communication & electronic payment:

Amendments in support of this theme largely involve removing requirements to provide certain information to certain persons in certain places:

Example – *Customs Brokers Licensing Regulations*:

Section 7 (current): An application for a licence must be made in the prescribed form and be submitted to the chief officer of customs for the area in which the applicant proposes to transact business as a customs broker.

Section 7 (proposed): An application for a licence must be made in the prescribed form and be submitted to the Minister in writing.*

*While “in writing” enables the submission of information in paper form, it also permits the submission of the required information in electronic form where such capabilities are enabled through the CARM Client Portal.



Electronic communication & electronic payment:

Amendments in support of this theme largely involve removing requirements to provide certain information to certain persons in certain places:

Example – *Customs Bonded Warehouses Regulations*:

Subsection 3(2) (current): Any person who wishes to apply for a licence in respect of a proposed bonded warehouse shall submit a completed application in the prescribed form, together with a detailed plan of the proposed bonded warehouse, to the chief officer of customs.

Section 3(2) (proposed): Any person who wishes to apply for a licence must submit to the Minister an application in the prescribed form, together with a detailed plan of the proposed bonded warehouse.



Electronic communication & electronic payment:

In a few instances, amendments related to electronic communication would result in new obligations:

- The *Accounting for Imported Goods and Payment of Duties Regulations* (AIGPDR) would be amended to require accounting to be submitted by electronic means unless specific exceptions apply (proposed subsections 2.2(1) and 2.2(2) of the regulations).
- The *Duty Free Shop Regulations* would be amended to require electronic submission of duty free shop applications, documentation related to the operation of a duty free shop, and information concerning changes in the beneficial ownership of a duty free shop.



Electronic communication & electronic payment:

In the case of payments, the regulations are being updated to remove requirements to pay by cash or certified cheque, and to favour electronic payment methods:

Example – *Accounting for Imported Goods and Payment of Duties Regulations:*

Section 8.3 (current): The Canada Post Corporation shall pay, by cash or certified cheque, the duties required under subsection 147.1(6) of the Act, to be paid in respect of goods imported as mail not later than the last business day of the month following the month in which the release period ended.

Subsection 8.3(1) (proposed): The Canada Post Corporation must pay, by means of the electronic system specified by the Minister, the duties required under subsection 147.1(6) of the Act in respect of goods imported as mail not later than the last business day of the month following the month in which the release period ends.

Section 10.9 of the regulations—which specified that CSA importers needed to pay large amounts by cash, cheque, money order, or a combination thereof—is proposed to be repealed. CSA importers would have the same options to pay (large or small amounts) as any other importer.



Provision of financial security electronically:

The key aspect of this theme is the creation of a new regulation, the *Financial Security (Electronic Means) Regulations*.

- The new regulations are accompanied by proposed amendments to 10 other regulations to state that, if financial security is required, it must be provided in accordance with the new regulation.
- The new regulation sets out the required information to be communicated electronically to the CBSA when a trade chain partner enters into a security agreement with a surety provider.
- Changes in terminology:
 - “Cash” versus “deposit”
 - “Security agreement” versus “customs bond”
- The requirements move into regulation the obligations that existed under the former D120 customs bond regime, and require information to be communicated to the CBSA by electronic means.



Provision of financial security electronically:

Release Prior to Payment (RPP) financial security:

- A 180-day transition period is being proposed to provide importers with an opportunity to obtain financial security without having the entry of their goods delayed.
- How it would work (in regulations):
 - A new Section 16 of the *Accounting for Imported Goods and Payment of Duties Regulations* proposes that an importer or owner of commercial goods is not required to give security if they are registered in the electronic system specified by the Minister (i.e. CARM).
 - This section would come into force at the same time as the rest of the regulatory package, in alignment with CARM R2.
 - The new section 16 would be repealed 180 days after it comes into force.*

*You can find this reference in the “Coming into Force” section of the regulatory package, clause 69(2).



Billing cycles:

Amendments to the *Accounting for Imported Goods and Payment of Duties Regulations* will result in the following:

- Changes to billing periods:
 - Billing period #1 runs from the first to the last day of the month, and applies to CLVS shipments, CTC, and CSA importers who choose this option.
 - Billing period #2 runs from the 18th of month 1 until the 17th of month 2, and applies to HVS/LVS shipments and CSA importers who choose this option.
- Changes to accounting due dates:
 - HVS and LVS would be subject to the same five business day accounting requirement.
 - CSA importers would have the same accounting deadline (payment due date) regardless of which billing option they choose.
- A harmonized payment due date:
 - 10 weekdays after the 17th of the month in which the statement of account was issued.
- A versionable correction period:
 - Corrections to the CAD can be made until the payment due date without triggering a re-determination.



Questions and Answers

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Thank You!

For more information:

- Visit the [CARM section of the CBSA website](#)
- Visit the [CARM Client Portal](#)
- Visit the [CARM Google Drive](#) for resources
- Join the [CARM LinkedIn Group](#) for the latest news
- Questions? Email:
CBSA.CARM_Engagement-Engagement_de_la_GCRA.ASFC@cbsa-asfc.gc.ca
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