



# CSA Importer – CARM

## Engagement Session

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Presented: January 27, 2022

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# Teleconference Technical Guidelines

- Join the WebEx information from the invitation, upon joining the meeting the call in details (phone number, meeting ID and access ID) will be provided.
- You will be muted upon joining the meeting, to join the conversation press the unmute button at the bottom-middle of your WebEx screen.
- If you are only calling in, please mute your phone by pressing \*6 and unmute your phone press \*7 to join the discussion. **Once you are finished speaking, please mute your phone again by pressing \*6.**



# OBJECTIVES

## Engagement Sessions

- Establish a forum to engage directly with CSA Importers on program and policy changes that will be implemented to support CARM solution.
- Promote continued high-level of compliance through well articulated policy and program changes
- Increase CSA Importer readiness for CARM implementation
- Enable business decision making
- Identify potential policy gaps

### Today's Meeting Objectives

- **Preparing for CARM**
- **RPP**



# Rules of Engagement

## What to expect

- Forum to engage on a policy and program level
- Topic specific sessions
- Transparent dialogue
- Engagement on future CSA Importer D Memo revisions (CARM)

## What not to expect

- Forum to revisit or challenge decisions already made
- Engagement or responses on technical aspects of the CARM solution



## Release Prior to Payment (RPP) Security

- CSA Importers must have RPP security (bond or cash) for all goods including CSA clearance, other releases options and CLVS.
- Dependency on use of Broker security for RPP will no longer be
- Brokers will be able to see if importer has RPP however, will not have visibility of the details relating to importer's RPP (e.g., amount)
- Amount of security is calculated based on monthly accounts receivable inclusive of GST/HST, AMPs, Interest, etc.
- RPP security monitoring and nudging through CARM solution

\* **Recommendation:** CSA importers should review current bond amounts



## Release 2 Key Change: Release Prior to Payment Requirements

### Being Ready for Release 2

All Importers will be required to post security to participate in the release prior to payment program. Importers will no longer be able to use their Customs Broker's security to clear shipments and receive release prior to payment.

As of CARM Release 2, to be eligible for release prior to payment privileges, an importer must use one of the following two options:

- Post a bond for 50% of highest monthly accounts receivable with a minimum bond of \$25,000

Example

Highest monthly accounts receivable is \$100,000, importer to post a surety bond for \$50,000  
Highest monthly accounts receivable is \$20,000, importer to post a surety bond for \$25,000

- Post a cash deposit with the CBSA\* for 100% of highest monthly accounts receivable.

Example

Highest monthly accounts receivable is \$5,000, importer to post a cash bond for \$5,000



# 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 security via the CARM Client Portal

## Future State Functionality

- 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 information electronically from 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 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.
- All bonds received by the CBSA must quote the RM for which they are designated.

**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>**



# RPP Security Formula

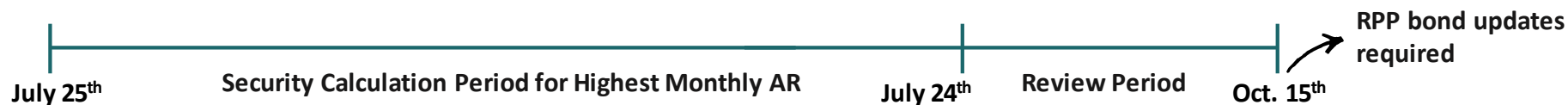
## RPP Security Formula

Security for RPP can be provided in the form of a bond or cash deposit. An importer's requirements for each are as follows:

1. Post a **bond** for 50% of their highest monthly AR with a minimum floor of \$25,000 per RM. For example,
  - if an importer's highest monthly AR is \$100,000, they will be required to post a bond for \$50,000; or,
  - if an importer's highest monthly AR is \$20,000, they will be required to post a bond for \$25,000.
2. Post a **cash deposit** for 100% of their highest monthly AR. For example, if an importer's highest monthly AR is \$5,000 or \$30,000, they will be required to post a cash bond for \$5,000 or \$30,000, respectively.

## RPP Security Calculation Timeframe

- The current 12 month timeframes for calculating RPP security are from July 25<sup>th</sup> to July 24<sup>th</sup>, with updates required by October 15<sup>th</sup> of each year. For consistency and simplicity, this model will continue. For importers without 12 months of history an estimation will be permitted as it is today.

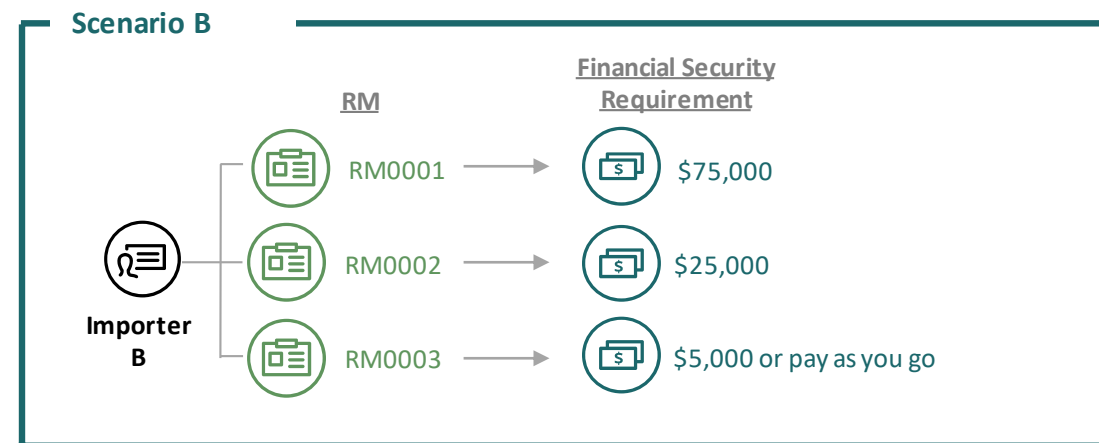
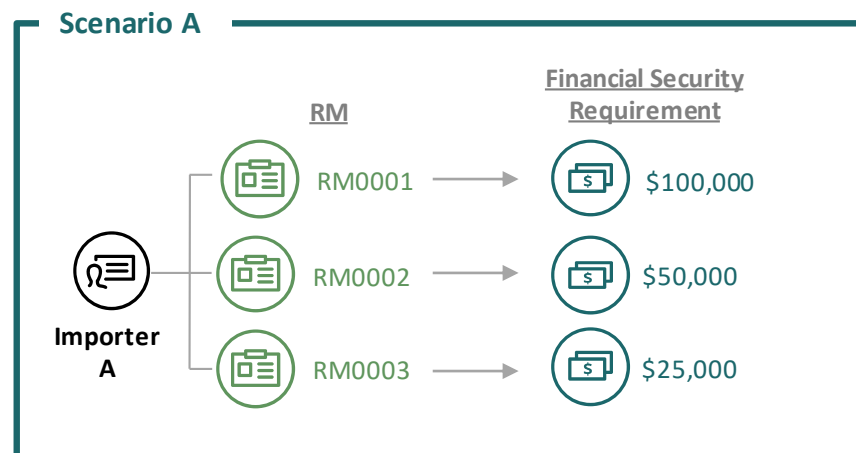


## How might an importer with multiple RMs choose to post RPP security?

Importers can choose to post one or multiple surety bonds, or deposit cash security with the CBSA.

Below are two scenarios for an importer with multiple RMs

- In **Scenario A**, the importer could choose to provide one surety bond for \$175k, or three bonds covering the respective amount within each of their RM accounts.
- In **Scenario B**, the importer could choose to provide a \$100k bond and \$5k in cash, provide one bond of \$125k, or choose to provide a \$75k bond and a \$25k bond and utilize RM0003 as a pay as you go account.





## GETTING READY FOR CARM

### New features of CARM:

- Register for a business number and enroll in CBSA programs
- Obtain statements of account in real time
- Submit a commercial accounting declaration, which will replace today's custom coding (B3) and adjustment request (B2) forms
- Submit appeals and track their progress

### CSA Importers:

- New Accounting and Payment Periods
- No more X-types. No more RSFs.
- Impact on current CSA processes



## GETTING READY FOR CARM (cont.) – CSA Accounting Option

- CSA CARM accounting option.

### CSA Accounting **Option 1:**

*For all goods released in **Month 1**, CAD due on or before payment due date.*

### CSA Accounting **Option 2:**

*For all goods released between the **18th of Month 1** to the **17th of Month 2**, CAD due on or before payment due date.*

- All CSA importers must select 1 of the 2 options (regardless of current option)
- CBSA will send a CSA Accounting Option selection letter.
- All CSA Importers must submit a signed letter indicating an Account Option.



## Getting Ready for CARM (cont.) – CSA System Review

- Review your CSA systems, process, internal controls
- Determine changes or timing of:
  - Triggers
  - Consolidation (Replacement of X-type; Consolidated TT type CAD, Mass adjustments)
  - Reconciliation Process
  - Monthly Sweeps
  - Audit Trails
  - Corrections & Adjustments
  - Drawbacks
  - TCP List maintenance
  - Payment to the CBSA



# Contact information for the CSA Importer- CARM Engagement Session

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OR

Click on below link:

[CBSA\\_CIA\\_Unit-Unite\\_MOAG.ASFC@cbsa-asfc.gc.ca](mailto:CBSA_CIA_Unit-Unite_MOAG.ASFC@cbsa-asfc.gc.ca)