



# CARM Trade Chain Partner Working Group – Record of Discussion February 28th, 2024, 1:00pm to 3:00pm ET – Virtual Session

<u>Trade Chain Member Participants*</u>	<u>CBSA Guests</u>	<u>CBSA Member Participants</u>
<b>Alan Dewar</b> GHY International	<b>Andrew Wishart</b> Partner, CARM	<b>Mike Leahy</b> Director General, CARM
<b>Candace Sider</b> <b>Laurie Caron</b> Livingston International	<b>Brian Penney</b> Solution Delivery, CARM	<b>Abderrahim Boussanni</b> Manager, Payment Processing
<b>Carol Kwok</b> <b>Shannon Munson</b> <b>Susan Foster</b> Fedex	<b>Carola Daffner</b> Solution Design, CARM	<b>Charles Melchers</b> Director, Regulatory Trade Programs
<b>Debbie Price</b> <b>Kim Campbell</b> IE Canada	<b>Anand Ramaswamy</b> <b>Stacey McKinnon</b> <b>Vishwa Rachamalla</b> CARM Experience Simulation	<b>Christian Figueredo</b> Director, CARM Solution Delivery
<b>Deborah Osborne</b> Canadian Society of Customs Brokers		<b>Doug Band</b> Director General, Trade and Anti-Dumping
<b>Emil Fiorantis</b> Dominion Group		<b>Edith Laflamme</b> Trade Policy
<b>Erol Ozberk</b> Loblaw Company Limited		<b>Eric Trudel</b> A/ Director, Change Enablement, CARM
<b>Marisa Pavan</b> Delmar International Inc.		<b>Kerri-Anne Whittaker</b> A/ Director, Business Readiness, CARM
<b>Penny Moulton</b> UPS		<b>Kim Paradis</b> A/ Manager, CARM Border Management
<b>Peter Dawson</b> DB Schenker		<b>Mark Mahannah</b> CARM Trusted Trader Readiness
<b>Sharon Clark-Koufis</b> Surety Association of Canada		<b>Melody Kasak</b> CBSA Programs
<b>Tamara Tower</b> Fedex Express Canada		<b>Ramona Eryuzlu-Maillet</b> A/ Manager, Stakeholder Engagement, CARM
<b>Tomasz Jasniewicz</b> Descartes		<b>Richard Lavoie</b> Director, CARM
		<b>Valéry Sina Ba</b> Revenue Accounting and Reporting

\*Above list of members who spoke during the meeting. Additional organizations had representations present.

<b>Agenda:</b>
Opening Remarks
Transition Plan
Cutover- What TCPs need to know
Closing Remarks

Please see the PDF presentation material (sent with invite) for more information on the agenda items.

<p><b>Summary:</b></p> <p><b>Opening Remarks</b></p> <p>Mr. Leahy Introduced the agenda, and shared that the focus of the meeting would be on the Transition Plan and Cutover Period. Mr. Leahy shared that Ms. Whittaker and her team were recently in Toronto to assist with getting clients registered on the CARM Client Portal in-person. There will additional in-person days in other cities in the near future.</p> <p><b>Transition Plan</b></p> <p><b>-Ms. Paradis shared materials on What We Heard from Trade Chain Partners, and provided details on the Transition Plan. Some of the details included the 180 day RPP Privilege period, Non-Resident Importers, Use of Broker BN15, Trade Shows and Conventions, and V-type CADS for CLVS goods released in error.</b></p> <ul style="list-style-type: none"> <li>• <b>RPP Extension:</b> Ms. Munson asked in the chat if the Release Prior to Payment (RPP) extension includes new importers, who register on the CCP at any time after Release 2 (R2)? And who have a newly issued BN, issued after R2? Ms. Whittaker remarked that we are encouraging all importers to register before R2, as the RPP indicator will be automatic at R2 and they will benefit from the full 180 days transition period to put financial security in place. Ms. Whittaker shared that new importers who register after R2 can still benefit from the transition period up to 180 days, but clients will need to contact CBSA to request (via helpdesk) participation in the RPP transition plan. It is important to note that as this will be a manual process, it will take time for RPP indicator to be applied.</li> <li>• <b>Use of Brokers BN:</b> Ms. Caron asked for confirmation in the chat that the system is not validating the importer BN15 on the CAD against the BN15 on the release? Ms. Paradis confirmed that was correct. The check and balance that exists there today will still be in place, but we will accept and process CADs with different BN15s. A message will be generated when these CADs are submitted. Ms. Caron asked if A48s were still needed. Ms. Paradis shared that the policy on A48s is not changing at this time.</li> <li>• <b>Use of Brokers BN:</b> Mr. Dewar asked for clarity if an importer is not registered on the CCP and they are using their broker's BN15, do they have RPP for a full year? Ms. Paradis provided that RPP is used for release, and an importer wouldn't be able to use a broker BN for RPP after the 180 transition period. Mr. Dewar shared an example that if he has 1,000 clients, 800 are registered and 200 are not. For those 200 not on the portal, could he release the goods using the brokers BN and account using the broker BN to benefit from the RPP privileges of the broker? Ms. Paradis remarked that after the 180 transition period the importer would need their own RPP.</li> <li>• <b>CARM Account:</b> Ms. Campbell remarked that the slide 16 from the TCP working group materials last meeting was more clear than slide 10 of this meeting's materials. Ms. Paradis confirmed that information can be made more clear in regards to having a CARM account.</li> <li>• <b>Use of Brokers BN:</b> Mr. Jasniewicz asked how confident the CBSA is that things will be coded correctly at R2 when things are still being worked out now? Will TCP's have the opportunity to do more testing, specifically on the use of a broker's BN? Ms. Paradis shared that with exception to the RPP indicator, the transitional plans don't include system changes or modifications to the current design.</li> <li>• <b>Duties and Taxes</b> Ms. Paven asked in the chat with the new billing cycle being based on release date, will the duties and taxes be posted on importer account or Broker account? Ms. Whittaker remarked that the account that is used for the release is the account that CARM will be expecting the CAD on. If CAD not submitted on time, the account at release will be subject to the late accounting penalties.</li> <li>• <b>Post-entry Verifications:</b> Ms. Terhaar asked in the chat how will CBSA handle post-entry verifications when the broker BN is used for accounting during this transition? Mr. Melchers shared that the verification procedures will be the same as used today. In the case of using a Broker's BN at the time of accounting, the CBSA may reach out to a broker for verification.</li> <li>• <b>Use of Brokers BN-:</b> Ms. Kwok asked in the chat for goods released on importer BN, confirmed under broker's BN, will the duties and taxes payable be under the importer or broker's account? Will the subsequent correction and adjustment be done under broker's BN or importer's BN? Ms. Whittaker shared that this will be done under the Brokers BN in this particular scenario.</li> <li>• <b>RPP:</b> The following questions were posed in the chat: For the 180-day bond grace period for importers, the duties and taxes owing won't be covered by the broker's bond. It's the importer who is responsible</li> </ul>
---

for their debt. Do we know how the CBSA will respond if the importer's first SOA after go live isn't paid? Will CBSA stop the importer's importing privileges and send their accounts to collections? Ms. Whittaker shared that this will not be done on day one of being delinquent. If the CBSA feels that an importer could be taking advantage, a case could be opened, RPP privileges could be revoked and sent to collections after other steps have been taken.

- **CLVS:** Ms. Caron remarked that for CLVS, if the importer is on the CARM Client Portal then their CLVS needs to be accounted for on the importer's BN15, not the broker's. Ms. Paradis shared that in this particular case, if they are on the CCP and they have not delegated authority to the broker then the broker would be unable to file that F-Type on their behalf. The importer's BN15 should be on the F-Type, but if this is going to cause challenges then a broker may choose to use their BN15 in that particular case.
- **Brokers RM Account:** Ms. Caron asked for clarity in the chat that when you say broker's BN15 - do we still use our same importer RM accounts that we do today? Broker ID's (RM accounts) with CARM have been issued, is it better to submit these transition CADs on our new broker ID RM accounts? Ms. Whittaker shared that this is something we would like to discuss with brokers, particularly if this is something you will be offering to your clients. Brokers may want to speak with us to set up their RM accounts accordingly. There are differences in respect to accounts that the CARM system may permit you to do. In this particular situation, you would be using your importer type RM account.
- **RPP:** Ms. Clark-Koufis asked for clarity on the 180 day RPP transition period. Importers who have an account on the CCP will be granted the 180 transition period. Importers who do not have an account on the CCP can continue to use their brokers BN15 for the one year transition period. Is this correct? Ms. Paradis clarified that this is not necessarily true for the purpose of release. Importers must have a BN15, if an importer is not registered on the CCP they can still get release of their goods. Brokers would use the importer's BN15, following the release of goods, a broker may use their BN15 to file the related confirming entries. After the 180 transition period, an importer would need to either register on the CCP to enroll in RPP or submit c-type entries. Ms. Clark-Koufis remarked that in regards to regulations, the transfer of risk will need to be discussed. Ms. Whittaker remarked that this has been noted.
- **BN Name Change:** Ms. Kwok asked about corrections made on the Broker's BN, will a BN change need to take place on the portal? Mr. Melchers shared that the CAD will rest where the accounting was done. If the accounting was done on the broker's BN, the adjustment would still be made on the broker's BN. There will be an option to submit a BN change.
- **Use of Broker BN:** Ms. Paven asked if small importers who are not registered on the portal use their BN, the broker then helps them get registered on the portal, will they still benefit from the RPP transition period of up to 180 days? Ms. Whittaker confirmed that yes they can benefit from up to 180 days, however, there will be a process to apply the RPP indicator. Importers are encouraged to register before R2, as the indicator will be automatically applied for R2 day 1 and importers would be able to benefit from the entire 180 day period.
- **Use of Brokers BN:** Mr. Fiorantis asked for clarity in a scenario where the importer is not registered on the CCP, and the broker uses their BN. Should a BN change then be done? Mr. Melchers shared that yes a BN change can be done.
- **Infractions:** Mr. Dawson asked for clarity on how an infraction would be issued to an importer who had their goods cleared using the broker BN as the importer is not on the portal. If the infraction is related to the release, the broker will be in receipt. For client's receiving an infraction, Ms. Whittaker shared that the NPA would be issued both in paper and on the portal.
- **RPP:** Ms. Foster asked for elaboration on how an new importer who is not registered on the CCP before R2 will manually apply for RPP. Ms. Whittaker commented that they would contact the CARM Client Support Helpdesk, noting that there will be a lag for the RPP indicator to be applied to the Importer's account as CBSA will manually apply.

#### Cutover- What TCPs need to know

-Ms. Whittaker shared that some of this was presented 2 weeks ago, but things have been added. These additions are in blue.

#### Industry Feedback

- **CIG Connection:** Mr. Dawson asked in reference to slide 20, can you confirm the CIG connection will not be impacted? Ms. Whittaker confirmed there is no impact. Mr. Dawson asked if there will be AMPS penalties issued after go-live on the backlog CADs? Ms. Whittaker confirmed there will be no late accounting penalties applied for the backlog CADs.
- **Late Payment Interest:** Ms. Caron asked if there will be consideration on late payment interest on the backlog? Ms. Whittaker remarked that this trying to be avoided, and waving interest would be on a case-by-case basis.

- **Backlog:** Ms. Campbell asked for confirmation that things can be transmitted on May 13<sup>th</sup>, and the backlog will be cleared separately? Ms. Whittaker shared that we will be in regular operations at the same time as clearing the backlog.
- **Backlog:** Ms. Moulton asked if the CBSA can provide what the backlog will look like? Ms. Whittaker shared that there is internal governance taking place this week, and we are hoping to have everything confirmed and ready to share next meeting.
- **Cutover Period:** Ms. Sider remarked that with the 16 day cutover they are not in a position to invoice clients. Will there be considerations made for the May SOA to be pushed to June or July? Ms. Whittaker remarked that these are all items of consideration.
- **Backlog:** Ms. Caron asked if the CBSA will dictate what order to submit? Ms. Whittaker shared that we would like to work with TCPs on this, but oldest should be cleared first.
- **Readiness for R2:** Ms. Ricci asked in the chat can R2 be delayed? Mr. Leahy shared that we understand there is a lot of work in front of us between now and May 13<sup>th</sup>. This forum will continue every two weeks, and if this needs to increase to weekly then it will be. There are also conversations happening around CES, and conversations will individual sectors and companies. If there is a company or sector that requires walk-throughs, we can provide that support.
- **CSA:** Ms. De Peretti asked in the chat to clarify that CSA importers do not need to enroll in RPP sub-program, is it one or the other, or CSA importer need to apply for RPP? Ms. Whittaker confirmed that CSA importers will still need to enroll in RPP.
- **PAD Payments:** Ms. Ferrusquia asked in the chat, can you clarify PAD payment? In a previous meeting it was mentioned payment would be withdrew after cut off time, but today she heard importers need to find alternative payment method. Ms. Whittaker remarked that the PAD payment will be May 13<sup>th</sup>, however we will reach out so TCPs are aware and alternative arrangements can be made if necessary.
- **Communications:** Ms. Foster asked if the CBSA will be posting/communicating details on cutover such as dates, registration during cutover, etc? Ms. Foster asked if this will this be posted on the CBSA CARM site? Ms. Whittaker remarked that a formal document will be released via our communications, put on the GoogleDrive, and information published on the website.
- **Infractions:** Ms. Ricci asked in the chat if there are infractions (errors) because of us not being ready in a timely manner for CARM, will we get waivers? Ms. Whittaker shared that this is case by case. Decisions could be made in respect to unique circumstances that may have caused TCPs to receive these penalties.
- **Cutover Period:** Ms. Bilodeau asked in the chat if the April consolidation for entries up to the cutover period could be submitted before the cutover period with the remaining entries submitted according to the regular timelines? Ms. Whittaker provided that we will come back with specifics in respect to the accounting as this will be over the April and May period. Some information was shared in the materials from the January 31<sup>st</sup> meeting.
- **In-Person Outreach:** Mr. Dewar asked in the chat if brokers can provide CBSA with a list of clients that they would like to registered on the portal, similar to the outreach that is happening in certain regions? Ms. Whittaker commented that if you would like to provide a list we can include them in our outreach. We will be sure to include our outreach dates in our next material so that brokers can share this information with their clients.
- **HV/CLVS:** Ms. Osborne asked in the chat if there can be a walk-through on what happens when the customs broker will not be using their BN for the CAD for both releases in the HVS and CLVS streams. Ms. Whittaker remarked that some of this is included in the materials, but if there are additional scenarios we can try and add them for the next meeting.
- **Use of Brokers BN:** Ms. Munson enquired if an importer is not registered on the CCP but they have a BN, can the broker use their BN for the release? Ms. Paradis confirmed that it is possible to use the importers BN15 for the release.
- **Bonds:** Mr. Dawson asked to clarify if the minimum bond was lowered to \$5,000 from \$25,000. Mr. Leahy remarked that we will come back to the topic of bond thresholds at a future meeting.
- **Special Services:** Ms. Tower asked how special services be invoiced and collected during the cutover period? Ms. Paradis remarked that we will need to come back to this. Ms. Tower shared that she will send an email on this topic.

#### Closing Remarks

Mr. Leahy remarked that good feedback was shared, and we will come back to the topic of backlog volume, additional scenarios, and bonds at the next meeting.

#### Action Items:

- Slide 10 of the materials will be made more clear in regards to "CARM Account". Slide 16 of the January 31<sup>st</sup> materials will be incorporated.

- Port of Entry in-person CARM Registration engagements will be shared in the materials for next meeting.
- Bond thresholds will be added as a topic of discussion at the next TCP working group meeting.