

CBSA Assessment and Revenue Management Information and frequently asked questions

Contents

- About the CBSA Assessment and Revenue Management (CARM) initiative.....3
- Quick facts on the CARM initiative3
- Acronyms and definitions3
- Frequently asked questions4
 - What is CARM?.....4
 - Why is CBSA changing the way that importers assess and account for their imported goods?4
 - What is the Accounts Receivable Ledger (ARL)?5
 - What is the CARM Client Portal (CCP)?.....5
 - When will CARM come into effect?.....5
 - What functionality will each Release include?.....5
- Release 1: Questions.....6
 - What steps are required by importers to prepare for CARM Release 1?.....6
 - What is delegation of authority and why do I need to delegate authority to Livingston International Inc?6
 - What will the accounting and payment process entail in Release 1?6
 - Will Livingston continue to pay our statement of account?.....7
- Release 2: Questions.....7
 - What are some of the main changes that will occur in Release 2 of CARM?7
 - How will RPP financial security be calculated?7
 - How will importers calculate the security requirement or bond amount they need to secure prior to Release 2 go live?7
 - How will importers calculate the security requirement or bond amount they need to secure after Release 2?7
 - What will occur if goods arrive without the posting of security?.....8
 - What is the Commercial Accounting Declaration (CAD)?.....8
 - What billing cycles and payment due dates are affected by CARM?8
 - Overview of the HVS/LVS billing cycle:.....8
 - Will the statement of account be produced at the legal entity level (BN9) or at program level (BN15)?8
 - If I have a correction on the day after my Statement of Account (SOA) date, when will I have to pay?8
- Additional Links to CARM and ARL related Information9
- CBSA CARM Information Package9
- Contact Livingston9

About the CBSA Assessment and Revenue Management (CARM) initiative

CBSA Assessment and Revenue Management (CARM) is a major initiative by the Government of Canada being implemented by the Canada Border Services Agency (CBSA).

The CARM project will be phased-in with two releases. Release 1 in May of 2021 and Release 2 in May of 2022. Through CARM, the CBSA will modernize and streamline the process of importing commercial goods, implement mandatory importer security and transform the collection of duties and taxes for goods imported into Canada.

Quick facts on the CARM initiative

- CARM will modernize and enhance the way that the trade community (trade) does business with CBSA.
- CARM is a multi-year business transformation involving all trade chain partners.
- CARM is scheduled to be deployed in three phases with full implementation planned for 2022.
- The implementation of the Accounts Receivable Ledger (ARL) ensures visibility to ongoing transactional information for those with access.
- Use of the CARM Portal and additional programming will be required for importers.
- The CBSA has provided the Electronic Commerce Client Requirements Document (ECCRD) in advance of the implementation.
- Financial security will be required for "Release Prior to Payment" (RPP) privileges. Otherwise, importers will be required to submit payment in advance, or at the time of import.
- A new type of customs entry called a "Commercial Accounting Declaration" (CAD) will be used within the CARM Portal.
- Those who file customs entries via electronic data interchange (EDI) can continue to do so.
- The billing cycle has changed under CARM and will allow for more time to make adjustments or corrections to accounting declarations prior to the final monthly payment without interest.
- Adjustments (such as refunds, amends and drawback) to the original transaction can be completed electronically within the CARM Portal.

Acronyms and definitions

ARL	<p>The Accounts Receivable Ledger (ARL) was the first phase of the CARM project. It is the official system of record for commercial accounting and payment at the CBSA.</p> <p>ARL simplifies the assessment and collection of revenue by managing and reconciling all transactions of a party under one account. It provides a single electronic statement via EDI and enables payments through online banking or an EDI payment.</p>
CAD	<p>The Commercial Accounting Declaration (CAD) is the digital document that will be submitted through the CARM Portal. The CAD will replace the current B3 Declaration (Canada Customs Coding Form) and B2 Adjustment (Canada Customs Adjustment Request) documents</p>
CCP	<p>The CARM Client Portal (CCP) is an online interface between CBSA and trade chain partners. It allows importers, designated service providers and other designates to view and manage their own accounts.</p>
DN	<p>Daily Notices (DNs) are produced and delivered daily, unless there has been no activity. DNs combine multiple transaction types into one statement and contain information about payments, interest, credits, and disbursements issued.</p>
Delegation of Authority	<p>Trade chain partners will be able to delegate access to their CARM Client Portal account to their employees and to third party service providers to manage commercial importation activities on their behalf</p>
ECCRD	<p>The Electronic Commerce Client Requirements Document (ECCRD) provides users with the EDI requirements for specific integrated CBSA programs. Each chapter of the ECCRD provides comprehensive information about business and system requirements of various electronic transactions for multiple import and export programs.</p>

Release 0	Implementation phase. In this phase of CARM, the Accounts Receivable Ledger (ARL) system will move from its current data center configuration to the more robust SAP S4/HANA system in preparation for supporting the IT requirements of the new revenue and cash management systems.
Release 1	Implementation phase. This phase of CARM will provide businesses with new tools that allow them to view and manage their accounts with the CBSA. Release 1 is targeted for rollout in May 2021
Release 2	Implementation phase. Release 2 of CARM will introduce the new Commercial Accounting Declaration (CAD), replacing the current Customs Coding Form (B3) as well as the Request for Adjustment Form (B2). Release 2 is targeted for rollout late in the spring of 2022.
RPP	Release Prior to Payment (RPP) allows goods to be Customs Released into Canada when a sufficient amount of financial security has been posted to ensure payment.
SOA	Statements of Account (SOAs) combine multiple transaction types into one statement, enabling account-level management and reconciliation. They contain information about payments, interest, credits, and disbursements issued. SOAs are produced on the 25th day of each month.
TCP	Trade Chain Partners (TCPs) are any parties that interact with each other as part of the trade chain for the purpose of importing, exporting or facilitating the logistics of international trade. It includes parties such as importers, exporters, customs brokers, freight forwarders, warehouse operators, consultants, trade specialists and other 3PL service providers that facilitate trade.

Frequently asked questions

What is CARM?

The CBSA CARM project is a multi-year initiative that will transform the collection of duties and taxes for goods imported into Canada and streamline the process of importing commercial goods.

CARM will offer significant benefits to the trade community in the form of various online self-service tools through the CARM Client Portal, which will allow the trade chain community to:

- Create and manage accounts, which can be linked to respective business portal accounts.
- Acquire a business number and/or enroll in CBSA programs.
- Communicate in real time with CBSA and service providers with delegated authority.
- Delegate authority to third parties, such as customs brokers, to conduct business on behalf of importers.
- Request an advanced ruling, receive/view notifications.
- Replace current customs coding form (B3) and request for adjustment form (B2) with new electronic commercial accounting declarations (CAD) with streamlined features to make corrections or request adjustments, file recourse requests.
- View Statement of Accounts (SOAs) and Daily Notices.

Why is CBSA changing the way that importers assess and account for their imported goods?

Under the old structure, accounting for imported goods was restricted by strict time limits, independent and diverse technology, static forms and limited accessibility for sharing information. CARM will allow for online, collaborative sharing of information, more visible and fluid information, and communication regarding import and accounting information.

Once fully implemented, parties with delegated authority will have access to information required to release, account for, and adjust information as well as access pertinent real time information and communications.

CARM is intended to be transformational for Trade Chain Partners.

What is the Accounts Receivable Ledger (ARL)?

ARL is the official system of record for commercial accounting and payment at the Canada Border Services Agency (CBSA). It was the first phase of the CARM project to modernize commercial payments.

ARL simplifies the assessment and collection of revenue by managing and reconciling all transactions of an importer or broker under a single account. It provides a single electronic statement via electronic data interchange (EDI), and enables payments through online banking or through electronic data interchange payment file known as EDI820.

Contact your financial institution to discuss your preferred option.

What is the CARM Client Portal (CCP)?

The CARM Client Portal (CCP) is the central feature of the CARM project which, once fully functional, will become the main communications interface between the CBSA and trade chain partners. All trade chain partners that conduct commercial business with the CBSA will be required to register their business on the CARM Client Portal.

Although the CCP will be the new interface for communicating with the CBSA, it will still be possible to transmit data via EDI. Furthermore, the release process in the Integrated Import Declaration (IID) and Accelerated Commercial Release Operations Support System (ACROSS) systems will not change with the implementation of CARM and currently is out of scope for release 1 and 2.

There are several steps that you must follow in order to set up your business account on the CCP, and designate authority with trade chain partners, and business and program accounts.

When will CARM come into effect?

The deployment of CARM will follow a phased approach.

- Release 0 will generally require no action from Trade Chain Partners.
- Release 1 will launch in Spring 2021 and will see the introduction of the CARM Client Portal and its basic functionality.
- Release 2 will launch in Spring 2022 and will feature all core CARM functionality and processes.

What functionality will each Release include?

With Release 1, you will be able to:

- Create and manage your account
- Submit and track ruling requests
- Access self-service tools and new electronic payment options
- Delegate authority to your employees and third-party service providers to manage key portal processes on your behalf

With Release 2, you will be able to:

- Register your business to obtain a business number (BN9), enroll in programs and acquire a RM account or Program ID (RM15)
- Submit a commercial accounting declaration, which will replace today's custom coding (B3) and adjustment request (B2) forms
- Leverage new reporting capabilities, including the ability to extract your account data
- Submit and track appeals through the portal

Release 1: Questions

What steps are required by importers to prepare for CARM Release 1?

Registration for the CBSA Client Portal begins with Release 1 (Spring 2021) and will only be accessible to importers with a current CRA-provided 9-digit Business Number with a 6-character RM (importer) Account identifier, commonly referred to as a BN15. Although registration for the portal begins in Release 1, full capabilities will not be available until Release 2 (Spring 2022).

Step 1 – Create an individual User Account

At Release 1, create an individual User Portal Account by going to the CARM Client Portal page, and acquiring a GCKey or using a Sign-In Partner.

Step 2 – Create your Business Account

Once you've created your individual User Portal Account, you will need to link your user account with your Business Account. If you have been designated as the Business Account Manager (BAM) for your company, you must complete this step. You will need to provide your RM account credentials and answer the following:

- Legal entity name of the business and full address information
- Two of the following three transactional questions: transaction number and associated duties and taxes, last transaction payment amount, or last Statement of Account balance

Step 3 – Delegate Access to Livingston International Inc

This is a key step of the onboarding process and is further detailed in the following question(s) on Delegation of Authority.

What is delegation of authority and why do I need to delegate authority to Livingston International Inc?

Through the CARM Client Portal, importers will be able to delegate access to their portal account to their employees and to their customs broker to manage commercial importation activities on their behalf.

This process differs from the business registration process in that the act of delegating access to both your own employees and to Livingston International serves to reproduce your internal organizational structure and business-to-business relationship.

Delegation of authority to Livingston is required so we may continue to conduct importation activities on your behalf namely, the submission of the commercial accounting declaration (CAD), submission of rulings, corrections and adjustments.

If an importer fails to provide delegation of authority to their customs broker(s) in the portal, the customs broker will be unable to account for the CAD on the importer's behalf or conduct any other activity related to customs business.

What will the accounting and payment process entail in Release 1?

At Release 1, importers will have access to an online view of transactions posted to their accounts. Specifically, Daily Notices (DN) and the Statement of Account (SOA) will be available on the CARM Client Portal.

Note: Only financial transaction information will be available in the CARM Client Portal at Release 1. Other transactions such as declaration information will only become available at Release 2.

Release 1 will provide greater flexibility through new electronic payment options. These new options include: Pre-Authorized Debit (PAD) credit card up to \$5,000 and debit.

Existing electronic payment options will continue to be available. Online banking and electronic data interchange payment file (EDI820) are currently available through many participating financial institutions. These financial institutions are listed in the Online Banking section of the CBSA Commercial Payments and Accounts section under Payments.

For additional information on electronic payments, visit the Payments page at the CARM Commercial Payments and Accounts site.

Will Livingston continue to pay our statement of account?

Unless instructed otherwise, Livingston will continue to remit payment of your statement of account to the CBSA.

However, the CBSA has advised, upon receiving a payment on a given account, the payment would be applied towards outstanding debt on the account as per Release 2 offsetting principles and business rules. Therefore, it is possible that if a broker submits a payment for an importer and the payment transaction gets posted correctly on the importer's account, this payment could clear (offset) debts on the importer's account which are not attributed to the broker who made the payment.

Release 2: Questions

What are some of the main changes that will occur in Release 2 of CARM?

In Release 2 (Spring 2022), importers will be required to post financial security to take advantage of Release Prior to Payment (RPP) privileges, as brokers will no longer be able to utilize their RPP to secure importers.

It will be mandatory for importers to have a financial security bond or post a cash deposit in order to participate in the RRP program.

How will RPP financial security be calculated?

With Release 2, to have access to the Release Prior to Payment privileges, importers will be required to post security with either a cash deposit or surety bonds.

- For surety bonds, the security requirement will be to post a bond equal to or greater than 50% of the importer's highest monthly accounts receivable (inclusive of duties and taxes (including GST)) within the prescribed period*.
- For cash deposit, the security requirement will be to post a cash deposit equal to or greater than 100% of the importer's highest monthly accounts receivable (inclusive of duties and taxes (including GST)) within the prescribed period*. This can be done by making a deposit through the CARM Client Portal as of Release 2.

There will be a minimum bond of \$25K to obtain Release Prior to Payment privileges for non-cash bonds. For cash deposits, there will be no minimum bond requirement.

Surety bonds will secure all accounts receivable (e.g., duties, taxes (including GST), fees, interest, adjustments, and SIMA). The existing bond cap of \$10M will remain.

It is incumbent on the importer to maintain RPP financial security in the amount of their highest monthly accounts receivable.

*The current timeframe for calculating Release Prior to Payment security is from July 25th of the previous year to July 24th of the current year, with updates required by October 15th of each year. For importers without 12 months of history or who wish to post a bond prior to July 2021, an estimation will be permitted as it is today.

How will importers calculate the security requirement or bond amount they need to secure prior to Release 2 go live?

To calculate the security requirement prior to Release 2, importers will calculate their bond requirement based on their highest historic monthly account receivable from July 25th of the previous year to July 24th of the current year.

How will importers calculate the security requirement or bond amount they need to secure after Release 2?

As of Release 2, if the importer has 12 months of history with the CBSA at the time of enrollment, CARM will automatically calculate and provide the security requirement as part of RPP enrollment through the CARM Client Portal. If the importer does not have 12 months of history, they will be prompted to estimate their security requirement based on anticipated accounts receivable, as it is permitted today. The security requirement is updated by the system on an annual basis. Statements of Accounts (SOAs) can be used to help calculate duties and tax history.

Courier Low Value Shipment (CLVS) importers are treated similarly to other RPP importers.

What will occur if goods arrive without the posting of security?

Goods can still be imported without posting security. However, without RPP financial security, the importer will be required to pay in advance on the CARM Client Portal or pay a CBSA cashier at the time of import for the goods to be Customs released. The only exception to obtaining a bond is for importers whose highest monthly accounts payable is zero.

What is the Commercial Accounting Declaration (CAD)?

The Commercial Accounting Declaration (CAD) will replace the current Customs Coding and Request for Adjustment forms, commonly referred to as B3 and B2 forms.

Any updates made to a CAD declaration will create a new version of the original declaration, and the ability to electronically correct and adjust a declaration will eliminate the need to submit paper request for adjustment (B2) forms.

What billing cycles and payment due dates are affected by CARM?

The introduction of new billing cycles and alignment of payment due dates will address current complexities of revenue management for businesses and the CBSA.

The following billing cycles and payment due dates will be affected by CARM:

- High Value Shipments (HVS) / Low Value Shipments (LVS)
- Courier Low Value Shipments (CLVS)
- Continuous Transmission Commodities (CTC)
- Customs Self-Assessment (CSA) Program
- CBSA commercial invoices (e.g. NPAs, K23s, K32s), in alignment with commercial invoice payment due dates

Note: LVS goods released in the regular commercial stream will follow the standard HVS billing cycle.

Overview of the HVS/LVS billing cycle:

- Commercial Accounting Declaration (CAD) is due five business days after goods are released.
- Statement of Account (SOA) is generated on the 25th of calendar Month-2 for all goods released between the 18th of calendar Month-1 to the 17th of calendar Month-2.
- Payment due date is 10 weekdays from the 17th of calendar Month-2 (i.e., the 18th of calendar Month-2 is day 1). Note that weekdays include statutory holidays, but not Saturdays or Sundays.
- Correction period is from CAD submission date to payment due date.
- Adjustment period is from payment due date onward.

Will the statement of account be produced at the legal entity level (BN9) or at program level (BN15)?

Trade chain partners will have the option to set their statement of account at either the BN9, or BN15 level.

If I have a correction on the day after my Statement of Account (SOA) date, when will I have to pay?

Transaction history will be available on the CARM Client Portal and will provide up-to-date account balance, payable balance and payment due dates, including any corrections posted after the statement of account is generated but prior to payment due date. Corrections made after the SOA date, and prior to payment due date, must be paid by the payment due date (10 weekdays after the 17th of calendar Month-2) within that same billing cycle.

Additional Links to CARM and ARL related Information

- [CBSA Commercial payments and accounts FAQ](#)
- [ECCRD – General Information](#)
- [D17-1-5 Registration, Accounting and Payment for Commercial Goods](#)
- [CARM Infographic](#)
- [Memorandum D1-7-1 – Posting Security for Transaction Bonded Operations](#)
- [Memorandum D17-1-8 – Release Prior to Payment Privilege offers further information](#)

CBSA CARM Information Package

Click link to navigate to each subject:

- [1.0 How to use the CARM Information Package](#)
- [2.1 CARM Solution Spotlight - CARM Client Portal Onboarding](#)
- [2.2 CARM Solution Spotlight - Delegation of Authority](#)
- [2.3 CARM Solution Spotlight - Billing Cycles](#)
- [2.4 CARM Solution Spotlight - Financial Security](#)
- [2.5 CARM Solution Spotlight - Commercial Accounting Declaration](#)
- [3.0 CARM Personas and Guide](#)
- [4.0 CARM Quarterly - Volume 3](#)
- [5.0 Important Information for Importing into Canada - November 2020](#)
- [6.0 CARM Infographic _CARM Client Portal](#)
- [7.0 CARM Contact Card](#)

Contact Livingston

Have more questions?

Contact your account executive, write to us at: simplify@livingstonintl.com or give us a call at 1-800-837-1063.