



Canada Border  
Services Agency

Agence des services  
frontaliers du Canada

# Customs Self Assessment (CSA) Sub-Working Group

**DRAFT FOR DISCUSSION**

December 19, 2019, 2PM to 4PM

Canada

CARM

CBSA Assessment and  
Revenue Management

# Agenda

Topic	Timing
Opening Remarks and Recap	2:00 – 2:15pm
Billing Process	2:15 – 2:30pm
Assessment, Correction, and Adjustment Processes	2:30 – 3:30pm
Financial Security	3:30 – 3:45pm
Roundtable and conclusion	3:45 – 4:00pm

# Recap on the CARM Proposal

Implementation of CARM Release 2 will change the accounting, revenue reporting, payment and adjustment processes for CSA Importers

Border Processing

Trade data reporting/accounting

Revenue Reporting

Payment

Current State		Future State
CSA Eligible Goods (CSA Importers and Carriers)	Non-CSA Eligible Goods (CSA Importers only)	CSA Eligible and Non-CSA Eligible Goods
<p><b>Submit ACI/Release</b></p> <ul style="list-style-type: none"> <li>No ACI for carrier</li> <li>No release document for importer</li> <li>Expedited clearance (3 bar codes)</li> </ul>	<p><b>Submit ACI/Release</b></p> <ul style="list-style-type: none"> <li>ACI required for carrier</li> <li>Release document required for importer</li> </ul>	<p><b>Submit ACI/Release</b></p> <p><i>*Same as current state</i></p>
<p><b>Submit import declaration</b></p> <ul style="list-style-type: none"> <li>Submit B3 via EDI (used for trade data reporting)</li> <li>Two accounting options for HVS and one accounting option for LVS:                             <ol style="list-style-type: none"> <li>HVS goods released (received) in a calendar month (month 1) are due by the 18th of month 2</li> <li>HVS goods released (received) between the 19th of month 1 and the 18th of month 2 is due by the last business day of month 2.</li> <li>LVS goods must be accounted for by the 24th day of the month following the month in which the goods were released/received</li> </ol> </li> <li>X-Type electronic B3s for adjustments, may be consolidated</li> </ul>		<p><b>Submit import declaration</b></p> <ul style="list-style-type: none"> <li>Submit new Commercial Accounting Declaration (CAD) via EDI or CARM Client Portal (used for accounting), posted to the client account</li> <li>Two accounting options (HVS/LVS):                             <ul style="list-style-type: none"> <li>(1) goods released (received) during a calendar month (month 1) are due 10 week days after the 17th of month 2, or, (2) goods released (received) between the 18th of month 1 and the 17th of month 2 are due 10 week days after the 17th of month 2</li> <li>Corrections accepted up to payment due date before accounting deemed final</li> </ul> </li> <li>Electronic adjustments via EDI or portal with mass edit capability</li> </ul>
<p><b>Generate and submit RSF</b></p> <ul style="list-style-type: none"> <li>Submit RSF via EDI (used for accounting and billing)                             <ul style="list-style-type: none"> <li>Includes all debits/credits for the period</li> </ul> </li> <li>No daily notice or statement of account</li> </ul>		<p><b>Review/action client account</b></p> <ul style="list-style-type: none"> <li>CARM posts all debits and credits to the client account (used for billing), which replaces the RSF</li> <li>Statement of account produced electronically via EDI or CARM Client Portal on the 25<sup>th</sup> of month 2</li> </ul>
<p><b>Pay RSF</b></p> <ul style="list-style-type: none"> <li>Pay the final RSF amount by the last business day of each month</li> <li>Payment is rendered via EDI or through the bank remittance process</li> </ul>		<p><b>Pay client account balance</b></p> <ul style="list-style-type: none"> <li>Payment is required for all goods released/received within the billing period</li> <li>Payment is due 10 week days from the 18<sup>th</sup> of month 2</li> <li>Payment is made via EDI or other electronic payment option(s)</li> </ul>

# Release 2 Billing Cycles

The introduction of new billing cycles and the alignment of payment due dates will eliminate current state accounting complexities for both TCPs and the CBSA, while recognizing the need to accommodate exceptions for certain processes

Timing	HVS/LVS	CLVS*	CSA Option 1	CSA Option 2	CTC
CAD	5 business days after release	24 <sup>th</sup> of month 2	Until payment due date	Until payment due date	24 <sup>th</sup> of month 2
SOA	25 <sup>th</sup> of month 2 for all goods released between the 18 <sup>th</sup> of month 1 to the 17 <sup>th</sup> of month 2**	25 <sup>th</sup> of month 2 for all goods released in month 1**	25 <sup>th</sup> of month 2 for all goods released in month 1**	25 <sup>th</sup> of month 2 for all goods released between the 18 <sup>th</sup> of month 1 to the 17 <sup>th</sup> of month 2**	25 <sup>th</sup> of month 2 for all goods released in month**
Payment Due Date	10 week days after the 17 <sup>th</sup> of month 2				
Correction Period	From CAD submission date to payment due date				
Adjustment Period	From payment due date onward				

\*Note: There will be no requirement to account for goods released between the first day of month 1 and the last day of month 1 that are exported prior to the accounting due date (24<sup>th</sup> of month 2). The Courier/Customs Broker must maintain proof of export for auditability and provide on the Recap Sheet.

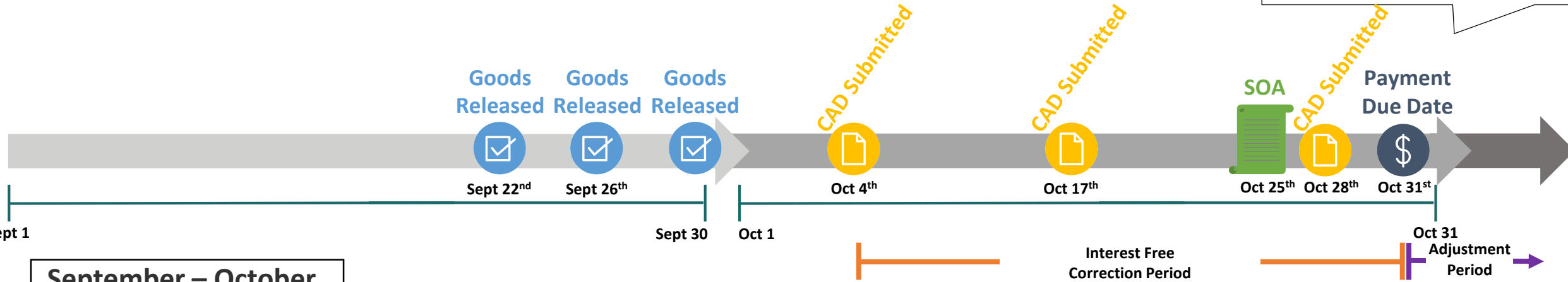
\*\*Note: the SOA will only reflect goods released and accounted for by the CAD due date

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

# CSA Option 1 Scenario

Goods are released Sept 22, 26 and 30, 2019

It is the Importers responsibility to pay the full amount due, including any corrections made after the SOA is generated.



**September – October**

S	M	T	W	T	F	S
22	23	24	25	26	27	28
29	30	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

■ Goods released    ■ CAD due    ■ SOA  
■ Billing cycle    ■ Payment due

- **Goods released:** September 22<sup>nd</sup>, 26<sup>th</sup> and 30<sup>th</sup>
- **CAD submitted:** October 4<sup>th</sup>, 17<sup>th</sup> and 28<sup>th</sup> (Note: the submission dates are examples only, corrections can be made from the CAD Submission date until the payment due date for CSA clients)
- **SOA generation date:** October 25<sup>th</sup> (25<sup>th</sup> of month 2)
- **Payment due date:** October 31<sup>st</sup> (10 week days from October 17<sup>th</sup>)
- **Correction period:** from respective CAD submission date to October 31<sup>st</sup>
- **Adjustment period:** from November 1<sup>st</sup> onward

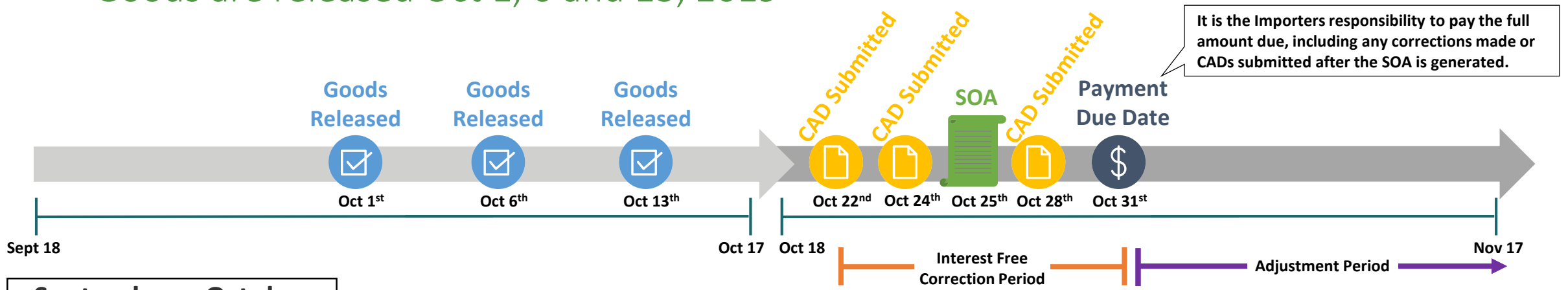
# Release 2 Billing Cycles – Current vs. Future State

## Option 1

CSA Accounting Option 1		
Element	Current State	Future State
<b>Release / Receipt Period</b>	Calendar month (the first day to the last day)	No Change
<b>Trade Data Reporting (current state) / Accounting (future state)</b>	Accounting for goods released/received in a calendar month (Month 1) is due by the 18 <sup>th</sup> of the following month (Month 2)	Accounting for goods released/received in a calendar month (Month 1) is due by the Payment Due Date (10 week days after the 17 <sup>th</sup> of Month 2)
<b>Time to Submit B3 (current state) / CAD (future state)</b>	Min: 18 days Max: 49 days	Min: 31 days Max: 62 days
<b>Payment Period</b>	Receipts/releases from 19 <sup>th</sup> of Month 1 to the 18 <sup>th</sup> of Month 2 must be paid by the last business day of Month 2	Goods released/received in a calendar month (Month 1) is due 10 week days after the 17 <sup>th</sup> of Month 2
<b>Statement of Account (SOA)</b>	N/A	25 <sup>th</sup> of Month 2 for all goods released in Month 1*
<b>Payment Due Date</b>	Last business day of Month 2	10 week days after the 17 <sup>th</sup> of Month 2

# CSA Option 2 Scenario

Goods are released Oct 1, 6 and 13, 2019



**September – October**

S	M	T	W	T	F	S
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Legend:

- Blue square: Goods released
- Yellow square: CAD submitted
- Grey square: Billing cycle
- Dark blue square: Payment due
- Green square: SOA

- **Goods released:** October 1<sup>st</sup>, 6<sup>th</sup> and 13<sup>th</sup>
- **CAD submitted:** October 22<sup>nd</sup>, 24<sup>th</sup> and 28<sup>th</sup> (Note: the submission dates are examples only, corrections can be made from the CAD Submission date until the payment due date for CSA clients)
- **SOA generation date:** October 25<sup>th</sup> (25<sup>th</sup> of month 2)
- **Payment due date:** October 31<sup>st</sup> (10 week days from October 17<sup>th</sup>)
- **Correction period:** from respective CAD submission date to October 31<sup>st</sup>
- **Adjustment period:** from November 1<sup>st</sup> onward

# Release 2 Billing Cycles – Current vs. Future State

## Option 2

CSA Accounting Option 2		
Element	Current State	Future State
<b>Release / Receipt Period</b>	The 19 <sup>th</sup> of Month 1 to the 18 <sup>th</sup> of Month 2	The 18 <sup>th</sup> of Month 1 to the 17 <sup>th</sup> of Month 2
<b>Trade Data Reporting (current state) / Accounting (future state)</b>	Accounting for goods released/received from 19 <sup>th</sup> of Month 1 to the 18 <sup>th</sup> Month 2 is due by last business day of Month 2	Accounting for goods released/received from the 18 <sup>th</sup> of Month 1 to the 17 <sup>th</sup> of Month 2 is due by the Payment Due Date (10 week days after the 17 <sup>th</sup> of Month 2)
<b>Time to Submit B3 (current state) / CAD (future state)</b>	Min: 10 days Max: 43 days	Min: 10 days Max: 45 days
<b>Payment Period</b>	Receipts/releases from 19 <sup>th</sup> of Month 1 to the 18 <sup>th</sup> of Month 2 must be paid by the last business day of Month 2	Goods released/received from the 18 <sup>th</sup> of Month 1 to the 17 <sup>th</sup> of Month 2 is due 10 week days after the 17 <sup>th</sup> of Month 2
<b>Statement of Account (SOA)</b>	N/A	25 <sup>th</sup> of Month 2 for all goods released in Month 1*
<b>Payment Due Date</b>	Last business day of Month 2	10 week days after the 17 <sup>th</sup> of Month 2



# Manage Billing Impacts on CSA Importers

The CBSA calculates the amount payable and informs the CSA Importer via the CARM Client Portal; the RSF is eliminated

Current State	Proposed Future State
<ul style="list-style-type: none"> <li>The CSA Importer calculates the amount payable to the CBSA each month on a single Revenue Summary Form (RSF) (i.e. the CSA Importer tells the CBSA what they owe)</li> </ul>	<ul style="list-style-type: none"> <li>The CBSA calculates the amount payable and informs the CSA Importer via the CARM Client Portal and EDI Outbound Messaging for EDI Participants; the SOA and DN are also available but may not reflect the amount payable on the payment due date (RSF will no longer be used)</li> </ul>
<ul style="list-style-type: none"> <li>The RSF is used as the accounting and billing document, and includes the amounts related to the accounting for goods, adjustments, refunds, drawbacks, interest, penalties and other CBSA assessments</li> </ul>	<ul style="list-style-type: none"> <li>The SOA, DN, and CARM Client Portal will contain billing information</li> </ul>
<ul style="list-style-type: none"> <li>Interest is calculated by the Importer for all transactions submitted on the RSF</li> </ul>	<ul style="list-style-type: none"> <li>Interest is calculated by the CBSA</li> </ul>
<ul style="list-style-type: none"> <li>Two CSA accounting options for HVS and one CSA accounting option for LVS are available</li> </ul>	<ul style="list-style-type: none"> <li>Two CSA accounting options will be available; the distinction between LVS and HVS is no longer made</li> </ul>
<ul style="list-style-type: none"> <li>The Importer is required to pay the final RSF amount to a financial institution by the last business day of each month</li> </ul>	<ul style="list-style-type: none"> <li>The Importer is required to pay the balance owing on their account, including any corrections made after the SOA is generated, on the payment due date; interim payments can be made, which will clear on the account according to the clearing rules</li> </ul>

# Manage Assessment Impacts on CSA Importers

CADs are submitted for the purposes of accounting; the CBSA will calculate the duties and taxes based on information submitted by the CSA Importer on the CAD

Current State	Proposed Future State
<ul style="list-style-type: none"> <li>B3s are submitted for the purposes of trade data reporting</li> </ul>	<ul style="list-style-type: none"> <li>Commercial Accounting Declarations (CADs) are submitted for the purposes of accounting; these will be used for compliance monitoring</li> </ul>
<ul style="list-style-type: none"> <li>The date of release/receipt is self-assessed and used to establish the accounting and payment periods for all goods imported by the CSA Importer</li> </ul>	<ul style="list-style-type: none"> <li>No change</li> </ul>
<ul style="list-style-type: none"> <li>For CSA Accounting Option 1, B3s for receipts/releases from 1st to 31st day of Month One, are due by 18th of Month Two; For CSA Accounting Option 2, B3s for receipts/releases from 19th day of Month One to 18th day of Month Two, are due by last business day (LBD) of Month Two</li> </ul>	<ul style="list-style-type: none"> <li>CADs must be submitted by the payment due date</li> </ul>
<ul style="list-style-type: none"> <li>The CSA Importer calculates duties and taxes using their own systems</li> </ul>	<ul style="list-style-type: none"> <li>The CBSA calculates duties and taxes using the information provided on the CAD</li> </ul>

# Consolidation

Under the CSA program, there is an opportunity to consolidate accounting data transmissions; this will continue in the future state

Where fields such as the vendor name and classification number are the same, the importer can also choose to consolidate according to the following conditions:

- (a) All shipments of identical goods received during the accounting period can be consolidated.
- (b) Consolidation of shipments where SIMA applies is not permitted.
- (c) Header information must be the same or a new transaction is required.
- (d) Sub-header information must be the same or a new sub-header is required.
- (e) Line information must be the same or a new line is required.
- (f) **Direct Shipment Date** – the CSA importer can consolidate sub-headers using one date of direct shipment, by converting invoice values to Canadian dollars, and completing currency code CAD (Canadian dollars). The invoice calculations using the correct rate of exchange for the specific date of direct shipment are to be available to the CBSA on request. The earliest date of direct shipment is to be shown.
- (g) **Release Date** – The release date field can be consolidated within the following guidelines:
  - (i) Shipments from a single accounting period can be consolidated;
  - (ii) Where shipments are consolidated, the earliest date of release must be completed;
  - (iii) In the case of commodities subject to seasonal rates of duty, separate release dates must be used, unless the higher rate of applicable duty is used for the entire consolidated CAD. (This applies to some agricultural products.)



# Corrections and Adjustments Impacts on CSA Importers

Implementation of the Release 2 Manage Corrections and Adjustments processes will create key shifts for how CSA Importers submit adjustments

Current State	Proposed Future State
<ul style="list-style-type: none"> <li>• There is no CBSA link between the accounting transaction number and the self-adjustment of that specific transaction</li> </ul>	<ul style="list-style-type: none"> <li>• The same accounting transaction number is used for assessments, corrections, and adjustments</li> </ul>
<ul style="list-style-type: none"> <li>• The X-type entry can be used to correct original accounting information using either one of two methods: Net Change Method or Replace Entire Line Method; a B2 can also be used</li> </ul>	<ul style="list-style-type: none"> <li>• Corrections to accounting information are made by resubmitting the transaction (CAD) with the correct information, which creates a new version</li> </ul>
<ul style="list-style-type: none"> <li>• An automated X-type adjustment may be submitted to adjust a single transaction or, alternatively, to adjust several transactions as a consolidated adjustment</li> </ul>	<ul style="list-style-type: none"> <li>• A correction or adjustment can only be submitted to adjust a single transaction; however, if the original transaction is consolidated, the correction or adjustment is consolidated</li> </ul>
<ul style="list-style-type: none"> <li>• It is not necessary to provide supporting documentation at the time of the adjustment; however, the Importer is required to maintain the appropriate records on file and make them available to the CBSA when requested</li> </ul>	<ul style="list-style-type: none"> <li>• No change</li> </ul>
<ul style="list-style-type: none"> <li>• In the X-type transmission, negative values are used to change original accounting information; positive values are used to replace the information</li> </ul>	<ul style="list-style-type: none"> <li>• There are no negative values; accounting information is directly changed to the correct value(s)</li> </ul>

# Corrections and Adjustments Impacts on CSA Importers

Implementation of the Release 2 Manage Corrections and Adjustments processes will create key shifts for how CSA Importers submit adjustments

Current State	Proposed Future State
<ul style="list-style-type: none"> <li>The entry acceptance message for X-type transmissions replaces the Detailed Adjustment Statement (DAS)</li> </ul>	<ul style="list-style-type: none"> <li>The Notice of Decision (replaces the DAS) is generated by the CARM System and is made available on the CARM Client Portal; an output message is provided for EDI transmissions</li> </ul>
<ul style="list-style-type: none"> <li>An exception to reporting GST as a credit on the RSF is where a clerical error related to the amount of GST reported on a B3 is corrected within the same RSF month. In this situation, the importer transmits an X-type adjustment within the same period to adjust the GST. When the adjustment is accepted, the amount of GST may be reported as a credit on the RSF</li> </ul>	<ul style="list-style-type: none"> <li>GST will be allowed to be reduced during the correction period (to be confirmed with CRA/GST); however, the Importer is self-assessing GST, and therefore what is claimed on an ITC cannot be claimed through the corrections process and vice versa</li> </ul>
<ul style="list-style-type: none"> <li>Individual drawback claims (K32 or K32-1) are not submitted to the CBSA; in lieu of submitting individual claims, the CSA Importer submits a Summary of Drawback Activity (SDA), Form CBSA130</li> </ul>	<ul style="list-style-type: none"> <li>CSA Importers will need to acquire a Duties Relief Certificate, or follow the standard Drawbacks submission process as non-CSA Importers</li> </ul>
<ul style="list-style-type: none"> <li>The total drawback claimed, as listed on the SDA, is included on the RSF of the CSA Importer</li> </ul>	<ul style="list-style-type: none"> <li>Drawbacks will be processed and posted to the DN/SOA and client account</li> </ul>

# RPP Financial Security Impacts on CSA Importers

The future state RPP financial security model will require Importers to post and manage their own RPP financial security

## Current State

- RPP security for resident importers is based on average monthly duties and taxes owing (less GST), up to \$10 million, and non-resident Importers must secure both duties and GST



## Proposed Future State

- 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, and the CBSA will monitor the utilization of an Importer's RPP security (i.e. current account balance compared to RPP security posted)

# Roundtable and Conclusion

# Thank you!



# Appendix

# Additional Considerations for Assessment

Current State	Proposed Future State
<ul style="list-style-type: none"><li>• In some situations, such as goods shipped directly from the vendor to a Canadian consignee (direct shipment), the CSA Importer may not know the date of physical receipt at the consignee's place of business; to resolve such a situation, the Importer may select an alternative date to identify the date of release (as prescribed in the D-Memo)</li></ul>	<ul style="list-style-type: none"><li>• No change</li></ul>
<ul style="list-style-type: none"><li>• The requirement for accounting to the CBSA (the "accounting trigger") is identified by the Importer through business books and records</li></ul>	<ul style="list-style-type: none"><li>• No change</li></ul>
<ul style="list-style-type: none"><li>• The extension of the timeframe for accounting is increased from five days and varies according to which CSA accounting option is chosen</li></ul>	<ul style="list-style-type: none"><li>• No change</li></ul>
<ul style="list-style-type: none"><li>• All commercial goods imported into Canada by a CSA Importer are subject to CSA post-importation processes, such as extended accounting time frames, regardless of the clearance option used to report the goods to the CBSA</li></ul>	<ul style="list-style-type: none"><li>• No change</li></ul>

# Additional Considerations for Assessment

Current State	Proposed Future State
• Mixed loads can be accounted for on a single CAD	• No change
• Every release transaction, regardless of the service option used to clear the goods, is automatically acquitted in ACROSS, based on the CSA-approved BN/RM	• No change
• CSA Importers are not required to transmit the CCN; the CSA Importer may transmit 2CSA1 in this field instead of the CCN	• No change
• Under CSA, there is no requirement to submit individual headers by the CBSA office of release; the CSA Importer designates a control port number during the registration process (the number must be a valid CBSA port number)	• No change

# Additional Changes to Adjustments

Current State	Proposed Future State
<ul style="list-style-type: none"> <li>Where a consolidated X-type adjustment transmission is used, the adjustment does not have to be directly associated with specific CBSA accounting transactions; however, the goods related to the adjustment must have been accounted to the CBSA and duty paid within the same calendar year (i.e. from January 1 to December 31)</li> </ul>	<ul style="list-style-type: none"> <li>A correction or adjustment must be directly associated with specific CBSA accounting transactions, and the goods related to the adjustment must have been accounted to the CBSA on the transaction being corrected/adjusted</li> </ul>
<ul style="list-style-type: none"> <li>The X-type adjustment is not necessarily adjusting individual B3 information, but may be used to adjust blocks of accounting data, within legislated timeframes</li> </ul>	<ul style="list-style-type: none"> <li>A correction or adjustment is adjusting individual CAD information within legislated timeframes</li> </ul>
<ul style="list-style-type: none"> <li>All revenue amounts related to any X-type and B2 self-adjustments are reported on the RSF, including additional amounts owing and amounts refunded</li> </ul>	<ul style="list-style-type: none"> <li>Corrections and adjustments are reported on the CARM Client Portal, DN and SOA, except those corrections made after the SOA is generated</li> </ul>
<ul style="list-style-type: none"> <li>On the RSF, amounts due to the importer are reported as a credit and amounts due to the CBSA are reported as a debit</li> </ul>	<ul style="list-style-type: none"> <li>Credits or debits incurred by corrections/adjustments will be calculated on the CAD and reflected on the DN/SOA and client account</li> </ul>

# Additional Changes to RPP Financial Security

Current State	Proposed Future State
<ul style="list-style-type: none"> <li>Importers may use their Customs Broker’s RPP security to clear shipments and receive release prior to payment</li> </ul>	<ul style="list-style-type: none"> <li>All Importers will be required to post security to participate in the RPP program and will no longer be able to use their Customs Broker’s RPP security</li> </ul>
<ul style="list-style-type: none"> <li>A claim against a Customs Broker’s bond due to non-payment disrupts trade for all Importers who use that Broker’s bond</li> </ul>	<ul style="list-style-type: none"> <li>Claiming against RPP security only impacts the Importer in question and does not disrupt trade for other TCPs</li> </ul>
<ul style="list-style-type: none"> <li>Bonds must be sent to the CBSA and are manually processed</li> </ul>	<ul style="list-style-type: none"> <li>CARM will receive bonds via an API or the CARM Client Portal</li> </ul>
<ul style="list-style-type: none"> <li>Importers or Customs Brokers can establish RPP privileges nationally or at a single CBSA Office (POE); if a TCP establishes RPP at a single CBSA Office, they cannot obtain release without making payment at any other CBSA Office</li> </ul>	<ul style="list-style-type: none"> <li>RPP bonds will be national and an Importer on the RPP program will be able to obtain release prior to payment at any CBSA Office (POE)</li> </ul>