

Teleconference Technical Guidelines

- Call in to the meeting by dialing the number provided in the invitation.
- Please mute your phone by pressing *6
- To unmute your phone press *7 to join the discussion, it is also helpful to identify yourself before speaking
- Once you are done speaking, please mute your phone by pressing *6 again
- To answer an incoming call, please hang up the line and call back into the meeting. Putting the call on hold may cause the group to hear background music or beeping.

Please note: All meeting materials will be uploaded to the CARM TCP WG GCcollab space in advance of the meeting and attached to the calendar invitation, once available.



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Trade Chain Partner Working Group (TCP WG) Consultation Session

Draft for Discussion

February 13, 2019

Canada

CARM | CBSA Assessment and
Revenue Management

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Agenda

Topic	Speaker	Timing
Technical Rules of Engagement	Kevin Horseman	10AM – 12PM
Opening Remarks	Lisa Anawati	
Financial Security Update	Jonathan Hopkins / Benjamin Walker / Marc Seguin	
Lunch		12PM – 1PM
Payment Allocation Walkthrough	Carola Daffner / Daniel Melkin	1PM – 3:30PM
Deployment Strategy Update	Daniel Melkin	
TCP WG 4-Month Outlook	Kevin Horseman	
Roundtable and Conclusion	Lisa Anawati	3:30PM – 4PM



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Financial Security Update

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Financial Security in the Context of the CARM Project

We have focused on adjusting the model for the Release Prior to Payment program

There are multiple areas that financial security exists at the CBSA; however, at this time, the CARM Project is **only proposing changes to the Release Prior to Payment (RPP) program and associated financial security requirements**. Other programs requiring financial security will be reviewed at a future time.

Current security programs

- Security for in-bond movements
- Security for a single in-bound trip
- Travelers Administrative Fees
- Special Services D1-2-1
- Suffrance warehouse security
- Bonded warehouse security
- Courier security
- Duty-free shop operator security
- Customs Broker Licensing Security
- Release Prior to Payment (RPP) Security
- Temporary Admission Permit – Form E 29B
- Temporary Importation (Tariff Item No. 9993.00.00)
- Provisional Duty Security (under SIMA)
- Appeals

Currently proposing changes to this program by setting financial security at the importer level

Release Prior to Payment Financial Security

Context of the RPP Program

- In 2017, \$560 billion of goods were imported into the Canadian economy generating \$32 billion of duties and taxes
- To facilitate trade, the CBSA administers the RPP Program, which allows goods to be released without payment provided program performance obligations are met:
 - The specified level of financial security is posted with the Agency
 - Payment is made on time, on a monthly basis
- Financial security protects the CBSA against payment defaults and is an incentive to meet program performance obligations
- Currently, the majority of importers use the financial security posted by one or more of approximately 300 customs brokers

Release Prior to Payment Financial Security

Our understanding of the current RPP Program challenges

The current model for the RPP Program and financial security poses challenges:

- Requires effort to reconcile accounts each month for both TCPs and CBSA as accounts need to be subdivided based on which party has secured the release of goods
- Uncertain accountabilities may be perceived between importers and customs brokers, depending on which party secured the release of goods
- Potential disruption to the flow of trade
- Implications in the event of customs broker default
- Program integrity issues

Redesigning the model for RPP and financial security requirements should:

- Simplify account management and reconciliation for importers (e.g. accounts are clear, not subdivided, and require little maintenance)
- Facilitate simplified interaction between importers, customs brokers and the CBSA
- Offer TCPs the ability to electronically post financial security with the CBSA

Release Prior to Payment Financial Security

Key features of the proposed future state design for the RPP program

Financial security with risk-based approach

- The amount of financial security required for the RPP program will be established using a risk-based approach based on adherence to program obligations (i.e. on-time payment)
- Importers in good standing on their account could see a reduction of financial security requirements needed to participate in the RPP program
- Approach in line with best practices from USA, Singapore and the UK

Financial security can be called upon to cover debt to the CBSA

- Financial security will be calculated based on the previous average monthly amounts of duties and taxes
- Financial security may be called upon to cover debt to the CBSA which is on the importer account, including duties, taxes, re-assessments, administrative monetary penalties (AMPS) and other miscellaneous debt

Release Prior to Payment Financial Security

How it will apply

- Dependent on program authorities, consideration is being given to removing financial security requirements for the RPP program with under \$5k in duties and taxes per month
- Importers with a history of adherence to CBSA program obligations could see a reduction or removal of financial security requirements needed to participate in the RPP program
- New importers intending to transact over \$5k in duties and taxes per month would be required to secure their duties and taxes until such time as they have established a history of adherence to program obligations
- A transition period for importers currently covered under a customs brokers' financial security will be considered
- Financial security requirements for non-resident importers will need additional consideration based on the Agency's ability to collect upon duties and taxes in the event of non-payment

Manage Financial Security

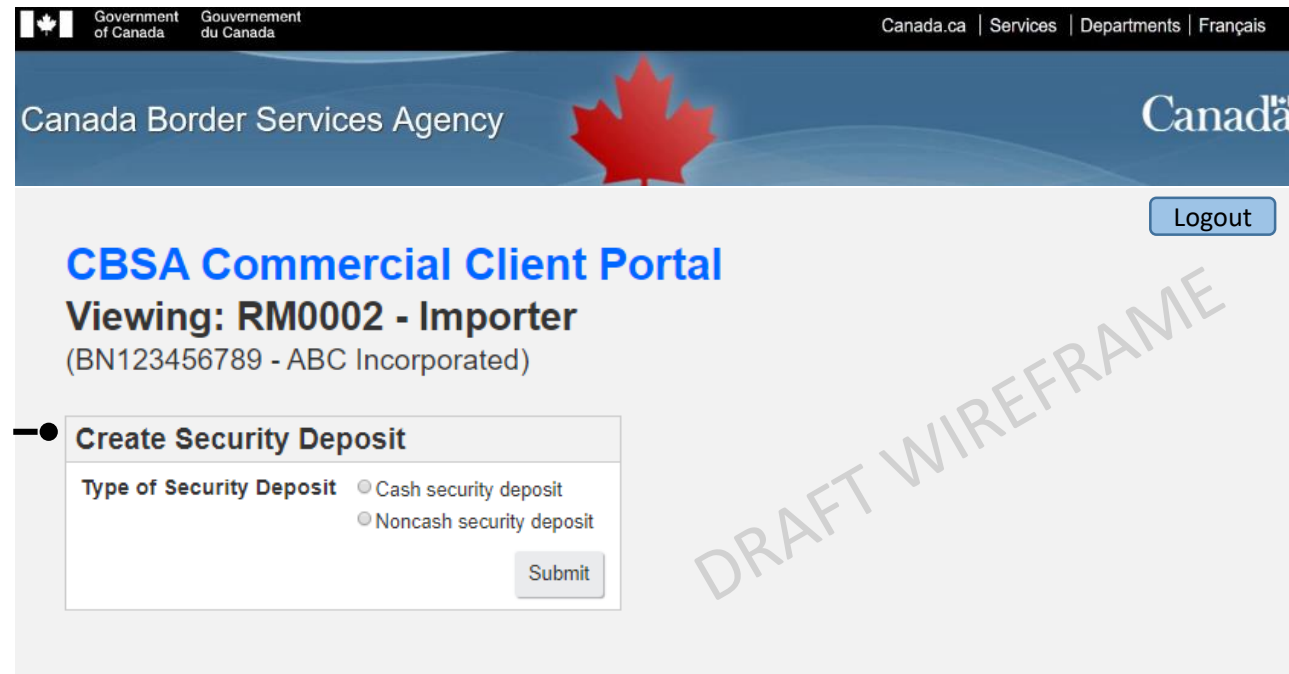
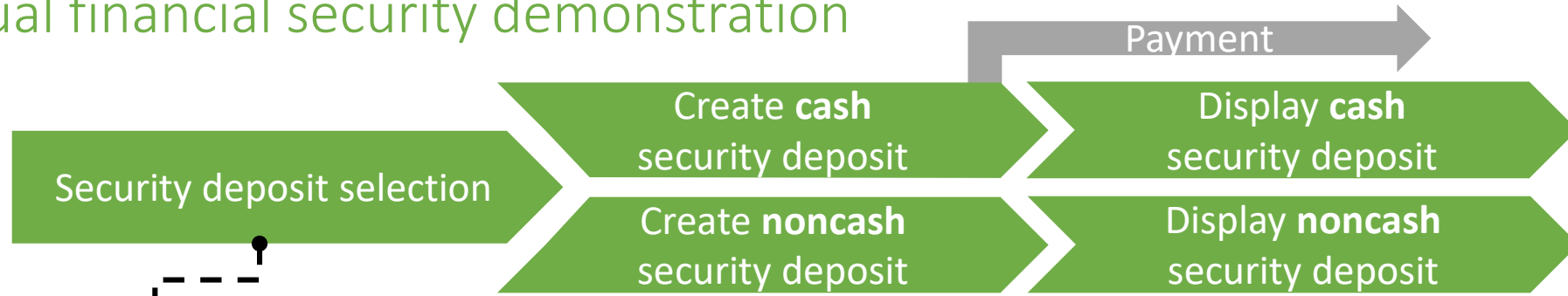
Future state administration of financial security

In the future, financial security could be administered across all programs within the CARM solution at the legal entity level.

Current State	Future State
Difficult for the CBSA to call on security and recover outstanding debts	CBSA will be able to view a TCP's security compliance and take action as necessary
Posting a financial security bond with the CBSA is a manual process	TCPs will be able to post and update bonds electronically
Lack of visibility for TCPs into security amounts they have posted	TCPs have visibility into current security amounts they have posted with the CBSA and can manage their security obligations in an effective way for their business
Monitoring against financial security bonds is a manual and labour-intensive process	Financial security will be monitored electronically , improving visibility into compliance with financial security requirements

Manage Financial Security

Manual financial security demonstration



Manage Financial Security

Manual cash security deposit

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CBSA Commercial Client Portal

Viewing: RM0002 - Importer
(BN123456789 - ABC Incorporated)

Create Cash Security Deposit

General Information

External Reference

Request Amount CAD

Interest key Daily Compount Prescribed

Usage Period

Start Date

Notes for deposit

Submit

Request for Cash Security Bond #112 created.
Proceed to issue payment.

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Logout

CBSA Commercial Client Portal

Viewing: RM0002 - Importer
(BN123456789 - ABC Incorporated)

Display Security Deposit : 112

General Information Status Partially released

External Reference Ref123456

Type of Security Deposit Cash security deposit

Request Amount 100,000.00 CAD

Interest key Daily Compount Prescribed

Bond documents

Status	Document Number	Amount	Curr.	Reason	Start Date	Return Date	Posting Date	Document Date	Clearing Document
Partially Rel.	260000000019	20,000.00	CAD	Release Prior...	2019.01.29	-	2019.01.29	2019.01.31	7000001141
Partially Paid	260000000018	50,000.00	CAD	Release Prior...	2019.01.29	-	2019.01.30	2019.01.30	7000001140

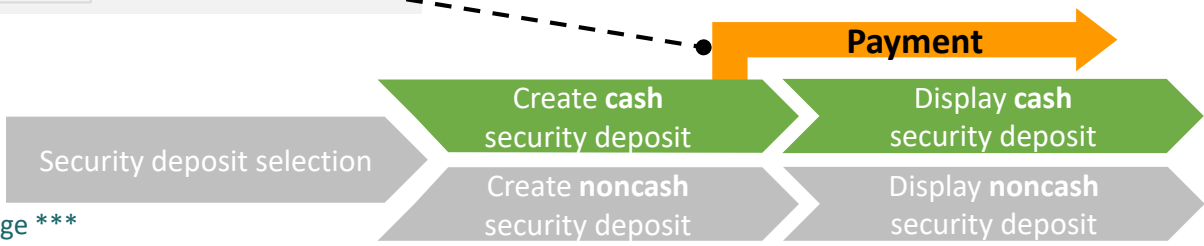
Usage Period

Start Date 2019.01.29

Notes for deposit Security deposit as required by program enrolment.

DRAFT WIREFRAME

DRAFT WIREFRAME



Manage Financial Security

Manual noncash security deposit

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CBSA Commercial Client Portal

Viewing: RM0002 - Importer
(BN123456789 - ABC Incorporated)

Create Noncash Security Deposit

General Information

External Reference

Deposit Type

Request Amount CAD

Usage Period

Start Date

Expiration Date

Guarantor

Guarantor Name

Notes for deposit

Submit

Request for Noncash Security Bond #111 created successfully
Awaiting validation by the guarantor.

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Logout

CBSA Commercial Client Portal


Viewing: RM0002 - Importer
(BN123456789 - ABC Incorporated)

Display Security Deposit : 111

General Information	Status
External Reference Ref123456	Created
Type of Security Deposit Noncash security deposit	
Deposit Type Electronic bond	
Request Amount 100,000.00 CAD	
Usage Period	
Start Date 2019.01.29	
Expiration Date 2020.01.28	
Guarantor	
Guarantor Name Surety Company A	
Notes for deposit Security deposit as required by program enrolment.	

Release Prior to Payment Financial Security

Discussion of potential changes to the RPP program

	Potential Changes	Discussion
1	Financial security with risk-based approach <ul style="list-style-type: none"> Based on importer's adherence to program obligations Financial security will be calculated based on previous average monthly amount of duties and taxes 	<p>Are there challenges associated with these changes?</p> <p>What opportunities do these changes present?</p> 
2	Financial security can be called upon to cover any type of debt on the importer account <ul style="list-style-type: none"> Includes duties, taxes, reassessments, administrative monetary penalties (AMPS) and other miscellaneous debt 	
3	Importers with good standing account <ul style="list-style-type: none"> Importers with a history of adherence to program obligations could see a reduction or removal of financial security requirements 	
4	New importers <ul style="list-style-type: none"> New importers intending to transact over \$5k in duties and taxes per month would be required to secure their duties and taxes until such time as they have established a history of adherence to program obligations 	
5	Customs Self Assessment (CSA) <ul style="list-style-type: none"> The CSA program is currently being reviewed and financial security requirements will be considered 	

Additional questions?





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Payment Allocation Walkthrough

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Scenario Overview

Scenario #1

Automatic offsetting per system rules

- Importer working with 2 brokers.
- Each broker files an assessment.
- Each broker makes a payment.
- The importer is then reassessed by the CBSA and a payable adjustment is posted to their account.

Scenario #2

Manual allocation of payment

- Importer working with 2 brokers.
- Each broker files an assessment.
- The importer is then reassessed by the CBSA and a payable adjustment is posted to their account.
- Importer makes a payment and manually allocates it to the reassessment in order to appeal it.

Scenario 1 – Automatic offsetting

Posting to the importer account and offsetting regardless of the associated agent



Legend

- Broker submitted assessments
- Broker Payments
- Importer Transactions

Transaction Date		Posting Date	Transaction Type	Transaction Number	Version	Transaction Status	Debit/Credit	Cleared (Yes/Partial/No)
16-jan-2019	18-jan-2019	Re-assessment	62345123456781	1	Released	\$200.00		No
14-jan-2019	14-jan-2019	Payment	PAYMT1235	-	Received	(\$1,000.00)		-
07-jan-2019	07-jan-2019	Assessment	52345123456781	2	Released	\$1,000.00		No
31-dec-2018	31-dec-2018	Payment	PAYMT1234	-	Received	(\$3,000.00)		-
24-dec-2018	24-dec-2018	Assessment	54321876543212	1	Released	\$3,500.00		No

3,500	3,000
1,000	1,000
200	

Scenario 1 – Automatic offsetting

Step #1 of automatic offsetting



Legend

- Broker submitted assessments
- Broker Payments
- Importer Transactions

Transaction Date		Posting Date	Transaction Type	Transaction Number	Version	Transaction Status	Debit/Credit	Cleared (Yes/Partial/No)
16-jan-2019		18-jan-2019	Re-assessment	62345123456781	1	Released	\$200.00	No
14-jan-2019		14-jan-2019	Payment	PAYMT1235	-	Received	(\$1,000.00)	-
07-jan-2019		07-jan-2019	Assessment	52345123456781	2	Released	\$1,000.00	No
31-dec-2018		31-dec-2018	Payment	PAYMT1234	-	Received	(\$3,000.00)	-
24-dec-2018		24-dec-2018	Assessment	54321876543212	1	Released	\$3,500.00	Partial

Importer Account	
500	0
1,000	1,000
200	

Scenario 1 – Automatic offsetting

Step #2 of automatic offsetting



Legend

- Broker submitted assessments
- Broker Payments
- Importer Transactions

Transaction Date		Posting Date	Transaction Type	Transaction Number	Version	Transaction Status	Debit/Credit	Cleared (Yes/Partial/No)
16-jan-2019	18-jan-2019	18-jan-2019	Re-assessment	62345123456781	1	Released	\$200.00	No
14-jan-2019	14-jan-2019	14-jan-2019	Payment	PAYMT1235	-	Received	(\$1,000.00)	-
07-jan-2019	07-jan-2019	07-jan-2019	Assessment	52345123456781	2	Released	\$1,000.00	No
31-dec-2018	31-dec-2018	31-dec-2018	Payment	PAYMT1234	-	Received	(\$3,000.00)	-
24-dec-2018	24-dec-2018	24-dec-2018	Assessment	54321876543212	1	Released	\$3,500.00	Yes

Importer Account	
0	0
1,000	500
200	

Scenario 1 – Automatic offsetting

Step #3 of automatic offsetting



Legend

- Broker submitted assessments
- Broker Payments
- Importer Transactions

Transaction Date		Posting Date	Transaction Type	Transaction Number	Version	Transaction Status	Debit/Credit	Cleared (Yes/Partial/No)
16-jan-2019		18-jan-2019	Re-assessment	62345123456781	1	Released	\$200.00	No
14-jan-2019		14-jan-2019	Payment	PAYMT1235	-	Received	(\$1,000.00)	-
07-jan-2019		07-jan-2019	Assessment	52345123456781	2	Released	\$1,000.00	Partial
31-dec-2018		31-dec-2018	Payment	PAYMT1234	-	Received	(\$3,000.00)	-
24-dec-2018		24-dec-2018	Assessment	54321876543212	1	Released	\$3,500.00	Yes

Importer Account	
0	0
500	0
200	

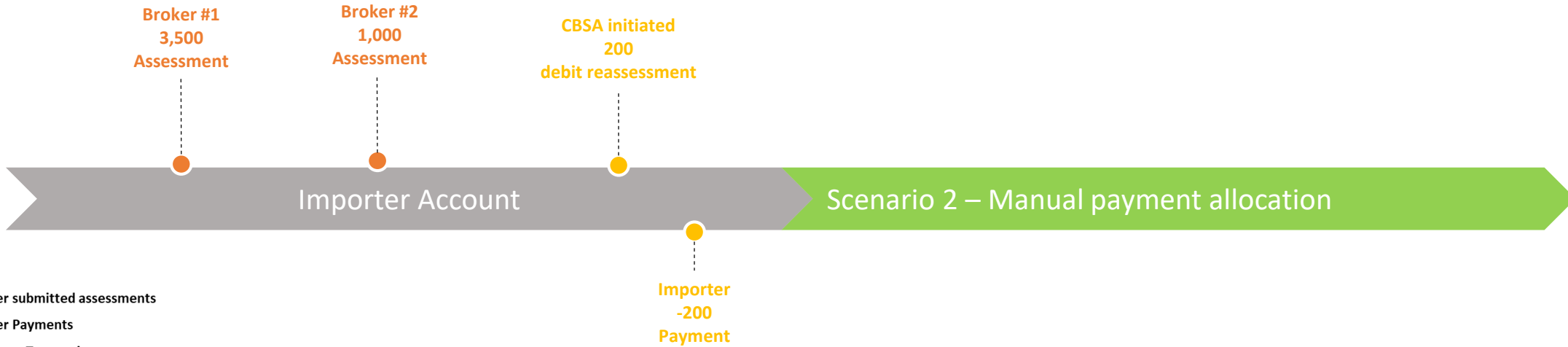
Scenario 1 – Automatic offsetting

Results

- ✓ The importer is left with an outstanding balance of \$700 made up of the CBSA initiated reassessment and a portion of the assessment submitted by broker 2.
- ✓ Proof of payment will only be issued to the account holder (importer).
- ✓ The importer will not have visibility as to which broker submitted each payment through to CBSA.
- ✓ If the importer would like to appeal the CBSA initiated reassessment, they will need to secure it or pay it, as it has remained outstanding on the account.

Scenario 2 – Manual payment allocation

The importer decides to make a payment and manually allocate it to the reassessment so they can appeal it



Legend

- Broker submitted assessments
- Broker Payments
- Importer Transactions

Transaction Date		Posting Date	Transaction Type	Transaction Number	Version	Transaction Status	Debit/Credit	Cleared (Yes/Partial/No)
16-jan-2019	16-jan-2019	Payment		PAYMT1235	-	Received	(\$200.00)	-
14-jan-2019	14-jan-2019	Re-assessment		62345123456781	1	Released	\$200.00	No
07-jan-2019	07-jan-2019	Assessment		52345123456781	2	Released	\$1,000.00	No
24-dec-2018	24-dec-2018	Assessment		54321876543212	1	Released	\$3,500.00	No

Importer Account	
3,500	200
1,000	
200	

Scenario 2 – Manual payment allocation

Manual allocation on external portal

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CBSA Commercial Client Portal
Viewing: ABC Incorporated

Payment Allocation

[Personal Information](#) | [Notifications](#)

Total Credit on the Account: **200.00**

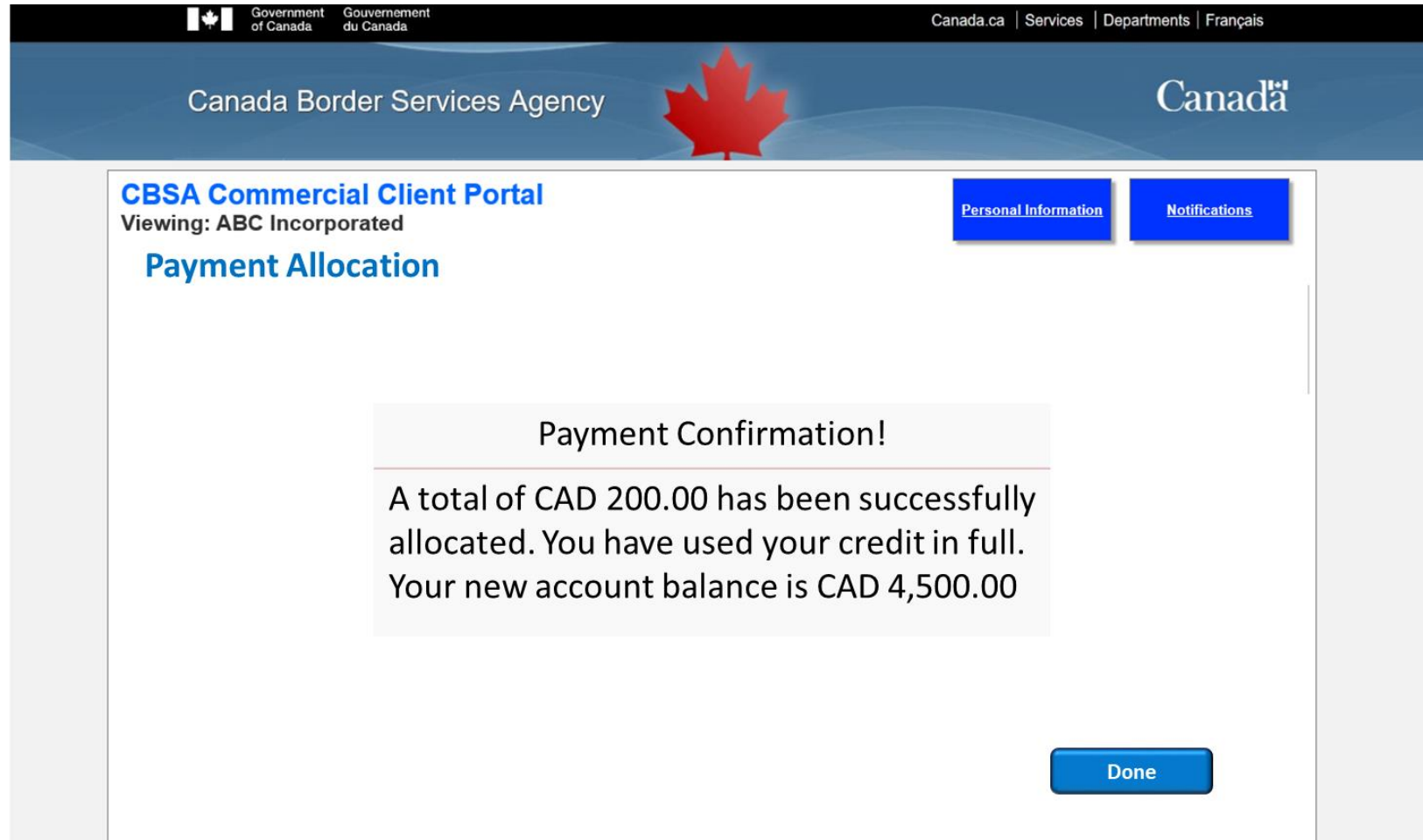
Select	Document Number	Item	Type	Due	Contract	Gross Amount	Gross Clearing
<input type="checkbox"/>	900000026	1	Assessment	2019/02/01	11000000000062	3,500.00	
<input type="checkbox"/>	200000021	1	Assessment	2019/02/01	11000000000055	1,000.00	
<input checked="" type="checkbox"/>	200000007	1	Re-assessment	2019/02/01	11000000000078	200.00	200.00

Remaining Credit: **0.00**

[Submit](#)

Scenario 2 – Manual payment allocation

Manual allocation on external portal - Confirmation



Scenario 2 – Manual payment allocation

Manual allocation complete – Importer can now appeal reassessment



Legend

- Broker submitted assessments
- Broker Payments
- Importer Transactions

Transaction Date		Posting Date	Transaction Type	Transaction Number	Version	Transaction Status	Debit/Credit	Cleared (Yes/Partial/No)
16-jan-2019		16-jan-2019	Payment	PAYMT1235	-	Received	(\$200.00)	-
14-jan-2019		14-jan-2019	Re-assessment	62345123456781	1	Released	\$200.00	Yes
07-jan-2019		07-jan-2019	Assessment	52345123456781	2	Released	\$1,000.00	No
24-dec-2018		24-dec-2018	Assessment	54321876543212	1	Released	\$3,500.00	No

Importer Account

3,500	0
1,000	
0	

Scenario 2 – Manual payment allocation

Results

- ✓ The importer is left with an outstanding balance of \$4,500 made up of the assessments submitted by both brokers.
- ✓ Proof of payment will only be issued to the account holder (importer).
- ✓ The importer can now appeal the CBSA initiated reassessment as it is paid off.

Note: Only account holders (i.e. the importer in this scenario) or an entity with delegated authority from the account holder will be permitted to perform manual allocations of payments to specific items.



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Deployment Strategy Update

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Purpose

- To provide the Trade Chain Partner (TCP) Working Group (WG) with an update on the CBSA Assessment and Revenue Management (CARM) deployment strategy.

Overview

The CARM project is currently finalizing its deployment strategy which contains three major releases:

1. Release 0 – spring 2020
 - Re-platform of Accounts Receivable Ledger (ARL) and Revenue Ledger (RL) systems onto SAP's S/4 HANA database
2. Release 1 – fall 2020
 - Introduction of initial commercial client external portal
3. Release 2 – spring 2021
 - Delivery of remainder of core CARM functions

Release 0 – ARL/RL Re-platform

The deployment of Release 0 in the spring of 2020 entails a foundational migration of existing ARL & RL functionality onto the SAP S/4 HANA database.

What does this mean for trade?

The trade community is not expected to be impacted by this technical release.

Release 1 – Initial Online Portal

The deployment of Release 1 in the fall of 2020 entails the introduction of the external commercial client portal.

What does this mean for trade?

- ✓ Viewing Account Information
- ✓ Calculating Tariff Data
- ✓ Looking up HS Codes
- ✓ Requesting advance rulings

Release 2 – Core CARM

The deployment of Release 2 in the spring of 2021 enables the trade community to realize the remaining benefits of CARM.

What does this mean for trade?

- ✓ Leveraging the portal to perform client registration and program enrolment
- ✓ Submitting online assessments and reassessments via a new digital declaration
- ✓ Utilizing automated billing and offsetting
- ✓ Performing online case management
- ✓ Realizing changes to the CBSA security program
- ✓ Requesting and managing appeals

Looking Ahead

Via the TCP WG, trade partners have offered valuable insight to help shape the CARM design. As the project moves into the next stage, CARM will continue to work with the trade community to:

- Validate its design via the use of prototypes
 - *Refine business processes and requirements by running real-world scenarios with system functionality*
- Seek trade's participation in testing the CARM solution
 - *Perform "day in the life" testing using real-life business scenarios*
 - *Perform certification testing to validate that integration points are working correctly*



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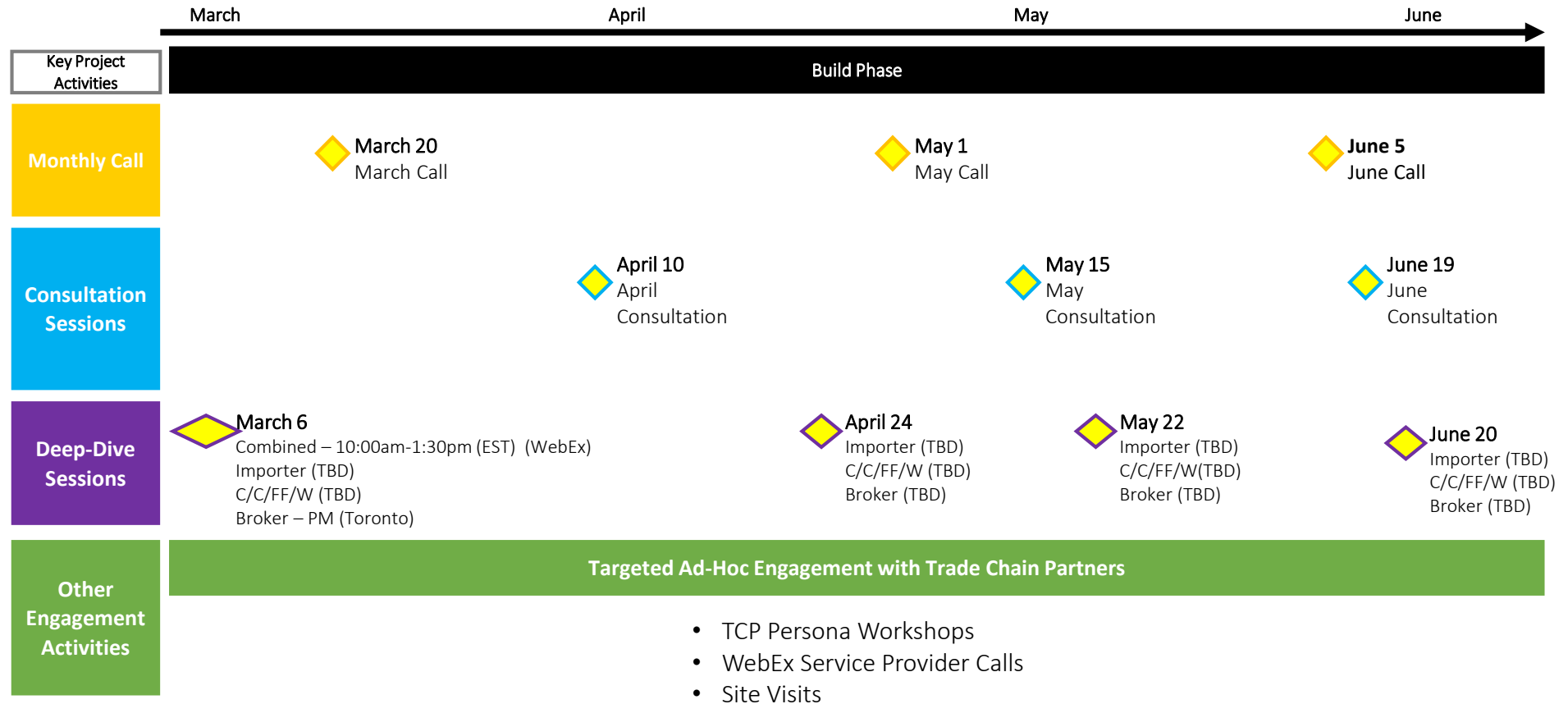
TCP WG 4-Month Outlook

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4-Month Outlook of TCP WG Activities

The following outlines the high-level schedule for the upcoming 4 months of TCP WG activities, including other relevant CARM TCP engagement activities.



4-Month Outlook of TCP WG Topics

The following outlines the topics that are expected to be covered in the next 4 months of TCP WG consultations.

Proposed Timing	Topic
April Consultation Session	<ul style="list-style-type: none">• New Map for Accounting – including Data Elements Required at Time of Release• Mass-Editing• CSA
May Consultation Session	<ul style="list-style-type: none">• End-to-End Business Walkthrough• Billing Cycle (including LVS, CLVS, CTC)• Finalized TCP Personas
June Consultation Sessions	<ul style="list-style-type: none">• CARM Portal Prototyping



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Roundtable and Conclusion

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Business Walkthrough Ask to the TCP WG

In preparation for our next consultation session May 2019, we are intending to create end-to-end CARM business walkthroughs. In order to create the most relevant and useful content possible, we are asking you to brainstorm scenarios that you would like to see in our planned end-to-end business walkthrough.



Please send your proposed scenarios to the [CARM Governance mailbox](#) by **March 1, 2019**.

Thank You