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# Trade Chain Partner Working Group (TCP WG)

**DRAFT – FOR DISCUSSION PURPOSES ONLY**

June 23, 2021

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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.

# Agenda

Topic	Speaker and Support	Timing
Technical Rules of Engagement	Kevin Horseman	9:00AM – 9:05AM
Opening Remarks	Goran Vragovic	9:05AM – 9:25AM
TCP Portal Onboarding Update	Kevin Horseman	9:25AM – 9:40AM
RPP Financial Security and Onboarding Update	Stephanie Drouin / Jonathan Hopkins	9:40AM – 9:50AM
End-to-End Walkthroughs: Scenario #1: Financial Security	Marcel Schlueter / Valéry Sina Ba / Charles Melchers	9:50AM – 10:45AM
Break		10:45AM – 11:00AM
End-to-End Walkthroughs: Scenario #2: CAD Type C	Kim Paradis / Chris Stein	11:00AM – 11:55AM
TCP Readiness Update	Kim Campbell	11:55AM – 12:25PM
Conclusion	Kevin Horseman	12:25PM – 12:30PM



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# Opening Remarks

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# TCP Portal Onboarding Update

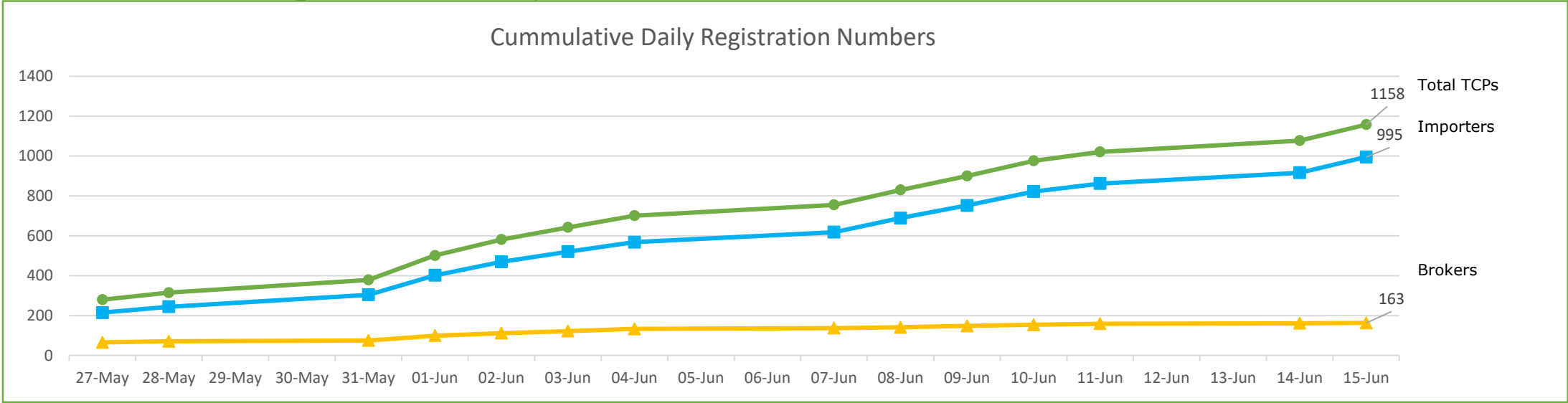
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# Trade Chain Partner Portal Onboarding Status

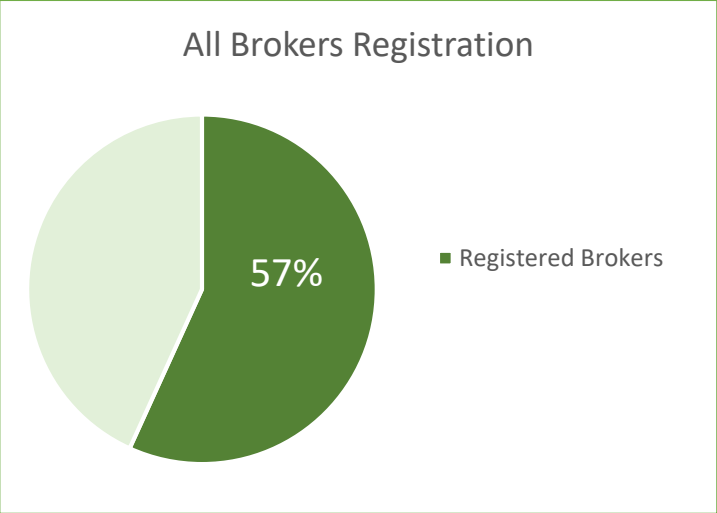
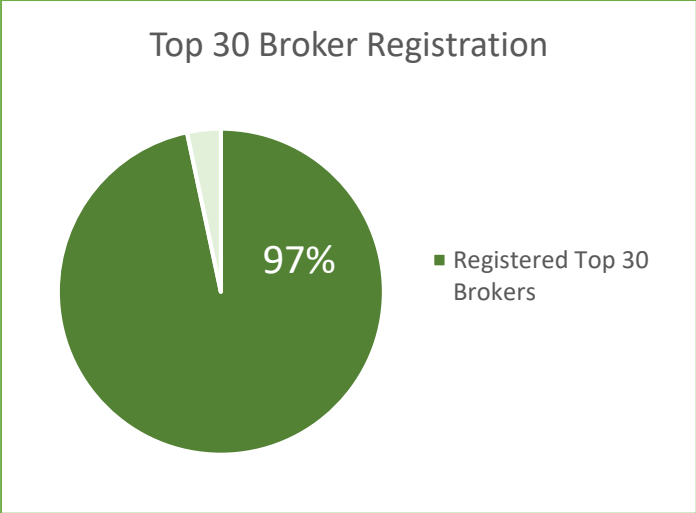
1,158 TCPs have registered on the portal to date



Registration Numbers								
		Last 2 Weeks (June 2 to June 15)	Prior 2 Weeks (May 25 to June 2)	Month over Month				YTD
				May	June	July	August	
<b>All TCPs</b>		577	581	379	779	-	-	1,158
<b>Brokers</b>	<b>All Brokers</b>	51	112	75	88	-	-	163
	<b>Top 30 Brokers</b>	3	26	22	7	-	-	29
<b>Importers</b>	<b>All Importers</b>	526	469	304	691	-	-	995
	<b>Top 3000 Importers</b>	123	92	64	151	-	-	215
	<b>CSA Importers</b>	33	4	2	35	-	-	37

# TCP Portal Onboarding Heat Maps

Strong Broker registration in first month of the portal going live



#### Highlights:

- Top 30 Brokers: 29 out of the Top 30 Brokers have registered on the portal, and 163 out of 287 (57%) Active Customs Brokers have registered on the portal.
- Client List Mass Upload: 98 brokers have taken part in the mass upload of client lists, and 155,787 delegation of authority requests have been sent.
- Importer registration: Importer registration is climbing, with 691 out of 995 importers registering since June 1.

#### Key Notes and Assumptions:

- Dashboard reports on business accounts registered (BN9s).
- Top 30 Brokers and Top 3000 Importers are based on Total Accounts Receivable (A/R) Value.
- Top 30 Brokers make up > 80% of Total Broker A/R Value.
- Top 3000 Importers make up > 80% of Total Importer A/R Value.

# TCP Upcoming Engagements

CARM will begin hosting monthly Webinars and Open Mic sessions open to the entire TCP community

Webinars	Open Mics
<ul style="list-style-type: none"> <li>Initial webinars will focus on onboarding to the CARM Client Portal (similar content as the May 2021 webinar series).</li> <li>Future sessions will be focused on various functionality capabilities of the CARM Client Portal.</li> </ul>	<ul style="list-style-type: none"> <li>Open forum for asking general questions or questions related to material presented at the webinars.</li> </ul>
<ul style="list-style-type: none"> <li>1 English and 1 French session per month</li> <li>Each Session: 1 hour of presentation material &amp; 30 minutes of Q&amp;A</li> </ul>	<ul style="list-style-type: none"> <li>1 bilingual session per month</li> <li>1 hour of Q&amp;A</li> </ul>

June			
	Language	Date	Time
Webinar	English	Monday, June 28, 2021	1:00pm-2:30pm EST
Webinar	French	Monday, June 28, 2021	3:00pm-4:30pm EST
Open Mic	Bilingual	Tuesday, June 29, 2021	3:00pm-4:00pm EST

July			
	Language	Date	Time
Webinar	English	Tuesday, July 13, 2021	1:00pm-2:30pm EST
Webinar	French	Tuesday, July 13, 2021	3:00pm-4:30pm EST
Open Mic	Bilingual	Thursday, July 15, 2021	1:00pm-2:00pm EST

August & Onwards			
	Language	Date	Time
Webinar	English	TBD	TBD
Webinar	French	TBD	TBD
Open Mic	Bilingual	TBD	TBD





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# RPP Financial Security and Onboarding / Program Authority Update

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# Areas of Legislative and Regulatory Change

Legislative and regulatory amendments are being sought in order to allow the CBSA and the TCPs to realize efficiencies and benefits derived from CARM. They are:

Amendment	Legislative	Regulatory	Key Benefits
Billing / Payment Due Date	Establish harmonized payment due dates for all transactions, fees and penalties applied to client accounts in a given billing period	Introduce the CARM billing cycle and harmonized payment due date	Reduce administrative burden by making monthly statement of accounts clearer and comprehensive, and by reducing the number of payments to be made / processed each month.
Accounting	Introduce an interest free self-correction period (versionable CAD)	Amend accounting deadlines	Longer interest free correction period, enabling TCPs more time to submit accurate accounting information
Electronic Communication	Allow the Minister to administer or enforce the <i>Customs Act</i> by electronic means	Modernize language to enable communications to and from the Agency in electronic format	Cost savings from less paper handling, scanning, data processing, mail, paper and envelope use, wear and tear on print machinery, as well as positive, environmental impacts.
Financial Security	<ul style="list-style-type: none"> <li>Allow securities to be provided electronically</li> <li>Require terms and conditions agreed to with Minister be honoured</li> </ul>	Allow financial security to be furnished electronically	Modernize transaction processes to those that are more efficient and environmentally sound
Payment	Allow the Minister to send and receive payments electronically	Allow the Minister to regulate payments electronically	Phase-out outdated payment methods and introduce additional desirable methods as they become available



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# End to End Walkthroughs Scenario #1: Financial Security

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# RPP Security Formula and Timeframe

A brief recap of the how the RPP program requirements will be calculated as of CARM R2.

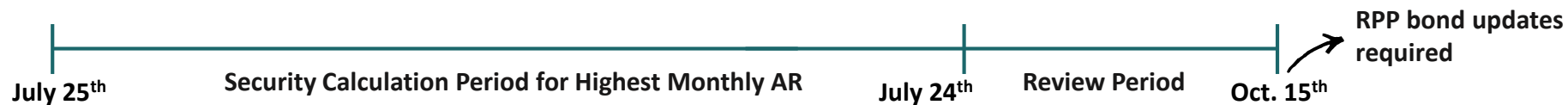
## RPP Security Formula

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

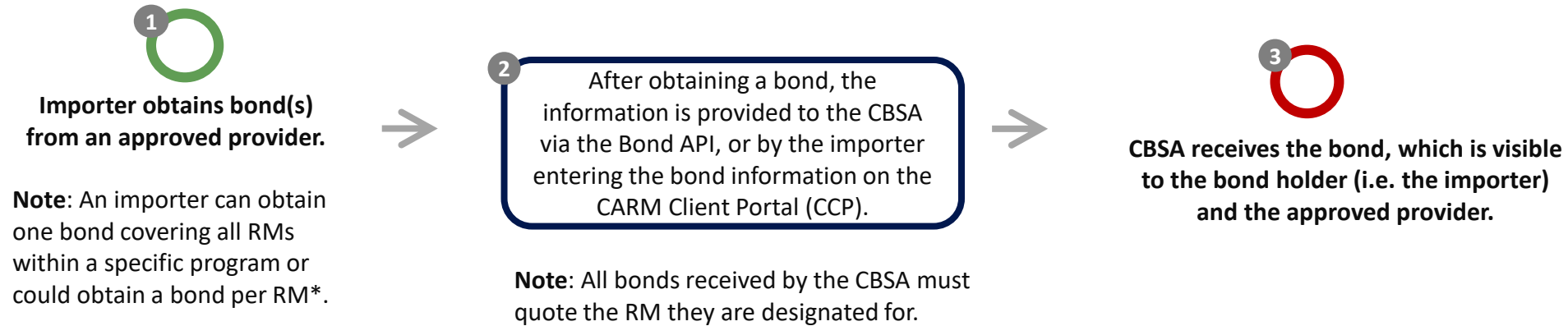
- The current 12 month timeframes for calculating RPP security are from July 25<sup>th</sup> to July 24<sup>th</sup>, with updates required by October 15<sup>th</sup> of each year. For consistency and simplicity, this model will continue. For importers without 12 months of history an estimation will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



# Posting a Bond for RPP

Bonds from approved surety companies and other financial institutions can be provided to CBSA electronically via the CARM Client Portal or via a direct API.

## Process to Submit a Bond



**The term ‘bond’ includes bonds from approved surety companies, insurance companies, banks, credit unions, and other financial institutions. Specifically a bond can be issued by:**

- An entity that is licensed or otherwise authorized under the laws of Canada or of a province to conduct the fidelity or surety class of insurance business and is recommended to the Treasury Board by the Office of the Superintendent of Financial Institutions as an entity whose bonds may be accepted by the Government of Canada. The most up-to-date list of the acceptable bonding companies is found in the [Treasury Board Contracting Policy](#), Appendix L;
- A member of the Canadian Payments Association (CPA) as referred to in the [Canadian Payments Act](#);
- A corporation that accepts deposits insured by the Canada Deposits Insurance Corporation or by the Régie de l'assurance-dépôts du Québec to the maximums permitted by the statutes under which those institutions were established;
- A credit union as defined in these guidelines and in paragraph 137(b) of the [Income Tax Act](#); or
- A corporation that accepts deposits from the public, if repayment of the deposits is guaranteed by the Crown in right of a province.

# RPP Security Monitoring and Nudging

As of CARM R2, the CARM solution will monitor and proactively nudge importers if their accounts receivable exceeds their security requirement.

An overview of the systematic monitoring and nudging framework is as follows:

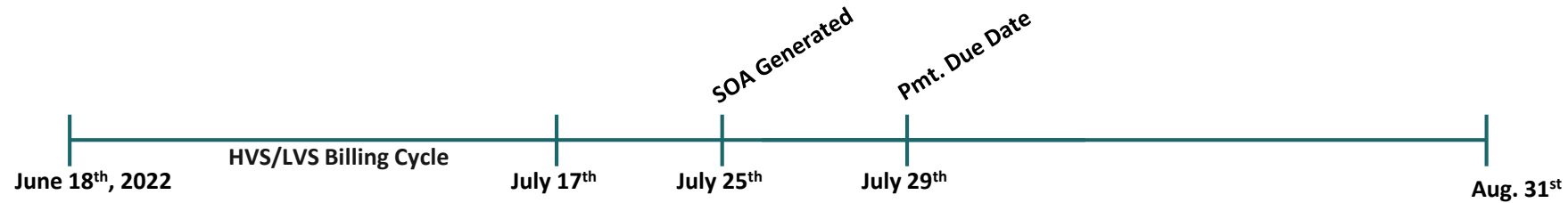
Culpability	Utilization	Notification	Timing	Impact on RTC score	Notification
Voluntarily Compliant	>75%	Nudge	Day 0	None	Notification will highlight the security utilization limit may be reached soon, and the importer should make a payment on their account or increase their security.
Trying to Comply	>100%	Second nudge	Day 0	None	Notification will highlight that the security utilization limit has been reached and to make a payment on their account or increase their security. Failure to act could result in affecting their RTC score or suspension of privileges.
		Third nudge	6 <sup>th</sup> day	Negatively impacts RTC* score	Notification will highlight above and inform the importer their RTC score has been impacted.
		Fourth nudge	10 <sup>th</sup> day	Negatively impacts RTC score	Notification will highlight above and inform the importer their RTC score has been further impacted.
Avoiding Compliance		Fifth nudge	25 <sup>th</sup> day	Negatively impacts RTC score	Notification will highlight the CBSA will be initiating a case to determine if the RPP should be suspended or revoked.
Resisting Compliance					

In addition to the above, the Agency will continue to holistically review compliance and may take corrective action if necessary. In the event of non-payment, RPP privileges will also be suspended or revoked as part of preparing for collections.

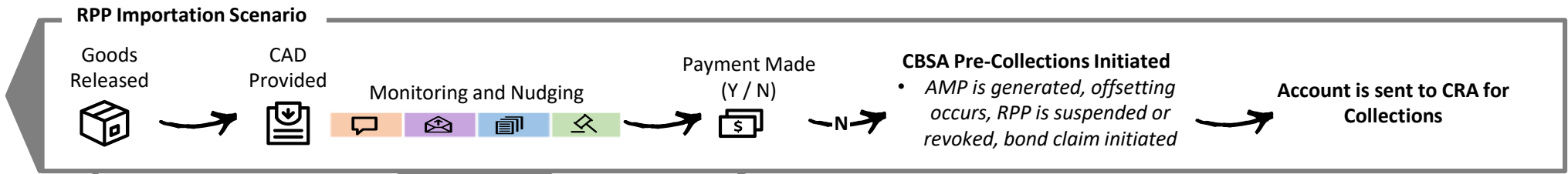
Timing Following Pmt. Due Date	CBSA Pre-Collections Activity
Day 3	<ul style="list-style-type: none"> <li>Issue late payment penalty and raise RTC score</li> </ul>
Day 5	<ul style="list-style-type: none"> <li>Send first dunning notification and raise RTC score</li> </ul>
Day 10	<ul style="list-style-type: none"> <li>Send second dunning notification, offset account and raise RTC score</li> </ul>
Day 15	<ul style="list-style-type: none"> <li>Send third dunning notification, raise RTC score, generate case to revoke or suspend program privileges</li> </ul>
Day 30	<ul style="list-style-type: none"> <li>RPP privileges suspended or revoked and bond claim initiated. If bond is sufficient hold account at CBSA, if insufficient send to CRA .</li> </ul>
Day 31	<ul style="list-style-type: none"> <li>Send Notice of Arrears (NOA) and send TCP to CRA for collections</li> </ul>

# Scenario Walkthrough

## Importing on RPP post-R2 go-live



**Preparing to Import:**  
For importers who wish to benefit from RPP privileges, obtaining and maintaining sufficient RPP security in the form of a bond or cash deposit should be viewed as part of preparing to import.



As of CARM R2, release without payment at the border will be granted based on a RPP indicator in ACROSS (vs. the ASEC today).

- If an importer’s AR is approaching their security requirement they will be proactively nudged to post additional security or make a payment.
- If an importer’s AR exceeds their security requirement, they will continue to be nudged, their RTC score will be impacted and the CBSA may choose to suspend or revoke RPP privileges due to non-compliance.

- (Y) Provided timely payment is made, the process ends and the importer continues in good standing with the CBSA.
- (N) If payment is not made, the importer is placed into CBSA pre-collections to recover the debt owed.



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# End to End Walkthroughs Scenario #2: CAD Type C

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# Submission of CAD Type C (Standard Flow)

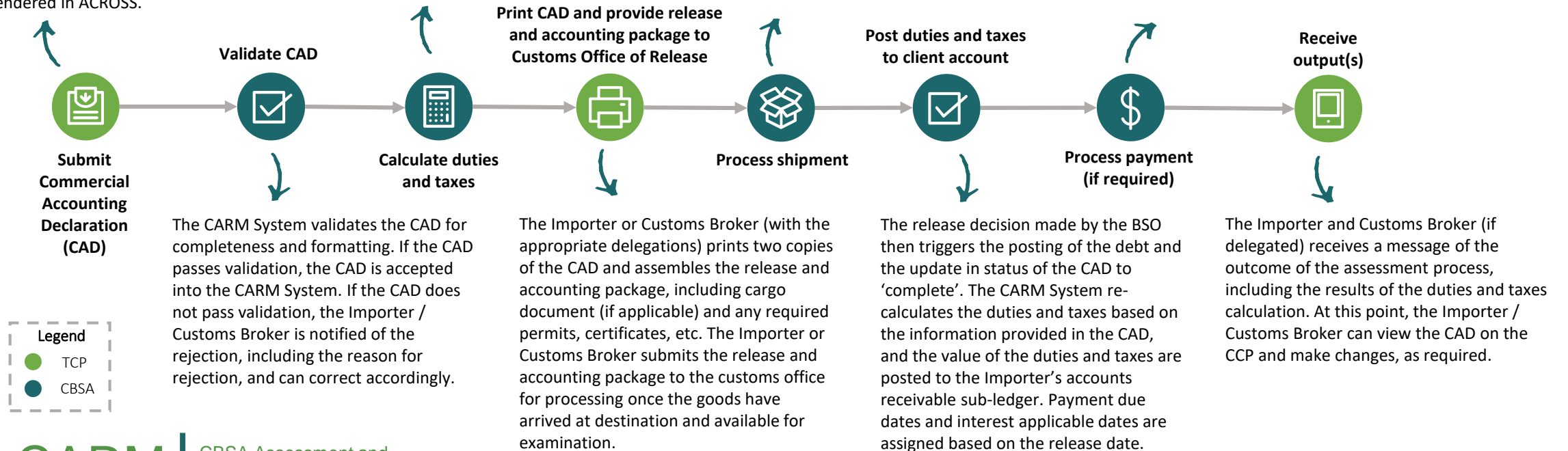
This process covers CADs submitted to obtain release and provide accounting at the same time

The Importer / Customs Broker prepares a CAD via the CARM Client Portal (CCP), either off-site or in the customs office (where available) pre-arrival, arrival, or post-arrival. The debt will not be posted until a release decision is rendered in ACROSS.

The CARM System calculates the duties and taxes based on the information provided in the CAD. The Importer / Customs Broker receives the outcome of the duty and tax calculation, along with instructions to print the CAD for goods release processing. Note that both the goods and the Release/Accounting documentation are subject to CBSA review, which could change or impact the duty and tax calculations.

The BSO reviews the release and accounting package, including any required permits, certificates, etc. If changes are required to the CAD, the BSO rejects the package and does not release the goods, directing the TCP to make the necessary changes to the CAD in the CCP and return for processing\*. Once changes are made, the corrected CAD should be reprinted and presented again to the BSO. If no changes are required, the BSO processes the shipment in ACROSS accordingly.

If the Importer is a 'cash' client, or chooses not to use their RPP privileges, the Importer or Customs Broker is directed to the cashier to make payment. The cashier applies the payment to the transaction, or if the Importer has an existing payment / credit on their account, applies it accordingly at the direction of the Importer or Customs Broker. Once payment has been made, the cashier stamps one copy of the CAD and provides the "released stamped" copy to the Importer or Customs Broker along with a payment receipt.



\*Note: The CBSA will not/cannot change any information on the CAD within the CCP. Only the Importer / Customs Broker can do this.

# Scenarios

There are slight variations and nuances in the process presented on the previous slide depending on the scenario

## Scenarios

- Hand-Carried Commercial Goods (Air and Highway Mode)
  - Importer BN15 required and captured in CCP by client
- Importer (Self-Clearing/Warehoused)
  - Importer BN15 required and captured in CCP by client
- Customs Broker Clearing on Behalf of Importer
  - Importer BN15 required and capture in CCP by client
- Commercial Goods Rejected from CLVS (Y50)/Postal (E14 Form)
  - Importer BN15 and client account required. Client completes and submits C-type on CCP. Presents hard copy to Customs Office for clearance along with applicable supporting documentation per today's process.
  - RPP and delegated authority in portal required if clearing via interim accounting (CCN required, ACI is not).
  - Postal rejects – E14 number referenced on the form issued by the CBSA captured in the CCN field on the C-type or interim accounting document.
  - V-types should not be default option used to account for goods rejected by the CBSA from the CLVS stream.
- eLongroom Process (CAD Documentation Requirements)
  - Capture of C-type in CCP by importer/broker required.
  - Functionality built allows clients to extract C-type in a pdf format which aligns with the acceptable formats needed when utilizing the eLongroom process

## Variations within Scenarios

- CAD prepared in advance vs. CAD not prepared in advance
- RPP vs. non-RPP Importer
- With BN15 vs. without BN15
- What happens if Information on C-type needs to be changed? E.g., Following CBSA examination
  - Any changes required to original submission must be completed by client within the CCP and resubmitted in hard copy to Customs office.
- Non-Resident Importers (NRIs) – NRIs coming forward to obtain release and account for commercial goods will be subject to the same requirements (BN15) as all other commercial importers

# Other Considerations

There are other program/policy considerations that change today's Type C process

- Transaction Number – C-type
  - Transaction # “stickers” will no longer be required.
  - Transaction numbers will be shown on the C-type and when printed out, will be in bar coded format.
  - Same applies approach applies for non-RPP clients using the CBSA assigned “00000” transaction numbers
- Wrappers
  - We are looking towards removing the need for clients to attach coloured “wrappers” when submitting a C-type
- RPP indicator
  - This will be a field that will pre-populate directly onto the C-type based on the importer's CCP account profile
- Acceptable forms of release notifications
  - CARM will not be introducing any changes regarding what is considered today to be acceptable form of release notification
- Release in ACROSS
  - Our expectation going forth will be that all C-types will be captured and released in ACROSS prior to payment and physical release of goods. With the move towards clients capturing in CCP will significantly reduce any reason for delay in processing on the CBSA side.
- Acceptable forms of payment
  - Will follow the policies that will be in place for R2
- Inland Alternative Services process
  - No changes or impacts on this process other than C-type will need to be completed in CCP portal prior to sending to CBSA release office



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# TCP Readiness Update

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# Trade Chain Partners - State of Readiness Industry TCPs - June 23, 2021

## Key Areas:

### R1 – May 25, 2021

- Status update to include uptake numbers, onboarding challenges (i.e. notifications not working).
- Rulings module visibility issue. Brokers/consultants losing access/visibility to original submissions and subsequent decisions of CBSA.
- Status update of ARL clean up. TCP feedback on current process.

### Technical Support – June 23, 2021

- Technical calls now have regular cadence and focused content.
- Need a complete and accurate ECCRD. **Still not complete.** Expectation that industry TCPs are supposed to triage multiple spreadsheets and updates not incorporated into the ECCRD is not acceptable.
- Inaccurate use cases in the ECCRD. Have been identified and need to be corrected.
- We do not consider the clock started for sufficient lead time for implementation with an unfinished ECCRD. CSA importers significantly impacted and will not meet the May 2022 Go Live because was not provided in time.

# Trade Chain Partners - State of Readiness Industry TCPs - June 23, 2021

## Key Areas con't:

### Operational Workflow – **Outstanding Issue**

- Walkthrough of real-world scenarios. This has been requested since 2011. Need to prioritize for completion as impacts solutioning and TCP understanding of end state.
- Only one scenario presented to date.
- Industry TCPs will collaborate to create scenarios for walkthroughs in a separate forum.

### RPP (Release Prior to Payment Privilege) – **Outstanding Issue**

- Need update on the RPP On Boarding Process to include the decisions made between SAC (Surety Association of Canada) and CBSA.

### Regulatory Package – **Outstanding Issue**

- Respecting “Cabinet Confidence” need to have visibility and understanding of the main components of these changes including timelines.

# Trade Chain Partners - State of Readiness Industry TCPs - June 23, 2021

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## Key Areas con't:

### Data Matrix/CAD – *Still Pending*

- Need comprehensive review of data elements.
- CAD not feasible as presented.
- WCO data elements – level set understanding.

### CBSA Coordination – *Ongoing Challenge*

- Need to ensure not overlapping of meetings with other CBSA meetings and events.
- Need to ensure not competing large scale projects at the same time.



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# Conclusion

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# Thank You!

## For more information:

- Visit the [CARM section of the CBSA website](#)
- Visit the [CARM Client Portal](#)
- Visit the [CARM Google Drive](#) for resources
- Join the [CARM LinkedIn Group](#) for the latest news
- Questions? Email: [CBSA.CARM\\_Engagement-Engagement de la GCRA.ASFC@cbsa-asfc.gc.ca](mailto:CBSA.CARM_Engagement-Engagement_de_la_GCRA.ASFC@cbsa-asfc.gc.ca)
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