



**KEEP
CALM
AND
CARM
ON**

What is CARM?

The CBSA Assessment and Revenue Management (CARM) project is an initiative that will transform the collection of duties and taxes for goods imported into Canada.

Under the new CARM program, the CBSA (Canada Border Services Agency) will transition several responsibilities traditionally managed by customs brokers directly to the importer of record. Although some activities can be delegated to your broker, CARM will involve the mandatory use of an online CARM Client Portal (CCP).

CARM is occurring in phases to support the preparation of upcoming requirements and system changes:

- Release 1 (R1): Currently LIVE
 - CCP has launched importer registration and basic function use.
 - No changes to import regulations or requirements.
 - Importer review and preparation phase.
- Release 2 (R2): Spring 2024
 - CARM regulations coming into force. Changes in effect.
 - CARM program deployment with additional CCP functions.
 - 180-day security transition period begins for CCP registered importers.
- CARM Enhancements: Fall 2024
 - CBSA expands CCP functionality and updates processing methods.
 - Importer enrolment is required in the Release Prior to Payment (RPP) program with a Financial Security Agreement (FSA) to continue RPP benefits.

Although participation in CARM isn't mandatory until Release 2, considerable preparation is required before this date.

With more than 235,000 Canadian importers making the transition along with you—we highly recommend preparing your business well in advance.

How will CARM affect me?

Under CARM, your customs broker can still complete your customs releases, and customs entries, manage your account and provide monthly financial services.

However, posting financial security (such as a surety bond) and managing your account and payment processes will transition to you, the importer. CARM's Client Portal (CCP) will also offer a few optional actions.

CARM represents a transition to a new way of working with your internal teams and third-party service providers.

How do I prepare for CARM?

Engaging with the CARM Client Portal (CCP) now will allow you and your team to create individual user accounts, delegate authority to your customs broker, and familiarize yourself with CARM before more changes occur.

The CCP will also allow you to review your importer account balances and confirm who transacts business on your behalf. It is important to check for unresolved CBSA amounts and consider if business account management will be done internally or by your broker in CARM. Reviewing your account balances will assist you in planning cash flow and security.

We also advise registering for the Importer Direct Security Program now. It is similar to the CARM process and will allow your team to set up security and CBSA direct payment processes before being mandated under CARM.

Centralizing importer operations under CARM

Your business account under CARM is based on the importer's 9-digit business number (BN9). Companies with multiple RM extensions under the BN9 will see them all consolidated under a single CCP profile. CARM will require management on the entity level.

Each RM (import account) extension will be listed as a separate "program" within the portal. You can delegate team members and third parties to individual programs. However, if each company branch currently has its own broker and/or payables processes, CARM will require all of this to happen centrally.

Taking the time now to consider how this change may impact your operations will save you time and headaches later.

Preparing your team for CARM

Importers will need time to review how the new CARM Client Portal (CCP) works and determine who from your company will have access, at what level, and which processes they will manage daily or monthly. This could require several people to have profiles allowing them to manage customs processes, payment processes, or both.

You will also need to review your current third-party service providers (customs broker) and determine what level of access they will need.

While brokers can provide new accounting and support services to assist you with CARM, they won't have automatic access to a client's CCP account unless the client delegates their authority.

NOTE: Importers are responsible for all CBSA payment processes when Release 2 is fully implemented.

Financial security under CARM

CARM will require an importer's financial security agreement, as opposed to a broker's security, to continue in the Release Prior to Payment (RPP) program. This can be done through a surety bond or cash deposit. Educating yourself about CARM's minimum security surety bond levels in relation to your operations is important.

A surety bond can be established before CARM Release 2 in 2024. A cash deposit amount should be established when available as of R2.

More than 200,000 importers will need to establish financial security for CARM. Although the CBSA offers a transition plan to qualified importers, handling this early could help companies avoid delays and price increases.

Cole International can provide surety bonds on behalf of clients.

Electronic payments under CARM

Payments to the CBSA must be made electronically as of Release 2, so preparing payment processes with your bank must be done in advance.

We advise companies to begin this process as soon as possible for several key reasons:

- Electronic processes with financial institutions could take several weeks or months to set up and test,

- Not all Canadian banks, credit unions, and U.S. banks are currently set up for electronic payments to the CBSA,
- Many banks have very specific electronic transfer limits and transfer timelines. These must be reviewed to ensure they meet the importer's payment conditions with the CBSA under CARM.

The shift to electronic payments may impact a company's internal processes as well:

- Importers must determine how the new program and payment timelines may impact their cash flows.
- Companies must review their approval and payable processes, as all monthly statements of account (SOAs) must be paid on time to maintain good standing with the CBSA. Please note that there is no flexibility on payment terms or timeframes under CARM.

CBSA's billing cycle and account activities will change in R2. Being informed about how your import account will work is essential when making payment and CBSA account management decisions internally and with your broker.

Need support? Cole's CARM Team can analyze your existing situation, processes, and workflows. We'll provide recommendations and help you develop a transition plan.

We'll help you get ready for CARM

Transitioning to CARM means significant changes to your operations and payable procedures. CARM's phased release allows companies time to review the new procedures and set in motion the changes they'll need to make in-house to manage this new program.

Cole is committed to making the transition to CARM as smooth as possible. We've expanded our service offerings and tailored them to the specific requirements importers need to fulfill, to ensure a smooth and confident shift to this new environment.

Contact us today to connect with our CARM Team and learn how we can help you transition to CARM.

Keep calm and CARM on.