

Your CARM Guide:

The Impact on Canadian Importers



Customs Brokerage Transportation/Warehousing Consulting

What is CARM?

The CBSA Assessment and Revenue Management (CARM) project is a multi-year initiative that will transform the collection of tax and duty 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.

Many of CARM's activities and transactions will be done online through the CARM Client Portal (CCP).

CARM's online functionality will roll out in two releases:

- Release 1 (R1): Live now
- Release 2 (R2): 2023

Participation in CARM isn't mandatory until Release 2 goes live.

However, 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, customs entries, manage your account and provide monthly financial services.

However, posting financial security (such as surety bonds) in addition to payment processes will transition to you, the importer. A few optional services will also be offered through CARM's Client Portal (CCP).

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, create a business account, and delegate authority to your customs broker and other third-party service providers.

We also advise registering for the Importer Direct Security Program now, which is very similar to the CARM process. Applying to this program will give your team a chance to familiarize yourselves with the processes of paying CBSA directly/electronically, prior to being mandated to do this 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.

Each RM extension will be listed as a separate "program" within the portal. You'll be able to delegate team members and third-parties to individual programs. However, if each company branch currently has their own broker and/or payables and approval processes, CARM will require all of this to happen centrally.

Taking the time now to consider how your operations may be impacted by this change 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 firm will have access, at what level, and which processes they will manage either 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 and determine what level of access they will need.

While brokers will be able to 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 that authority.

NOTE: Importers will need to handle all CBSA payment processes internally through CARM when Release 2 is fully implemented.

Financial security under CARM

CARM will require importer financial security, as opposed to a broker's security. This can be done through surety bonds or cash deposits. It is important to educate yourself about CARM surety bond levels in relation to your operations.

Surety bonds can and should be established in advance of full implementation of CARM Release 2 in 2023.

More than 235,000 importers nationally will need to establish financial security for CARM. Handling this early could help companies avoid considerable delays and price increases.

Cole International can provide surety bonds on behalf of clients.

Electronic payments under CARM

All payments under CARM must be done electronically as of Release 2 in 2023, so preparing electronic payments 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 a number of 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 will need to determine how their cash flows may be impacted by the new program and payment timelines.

- Companies will need to review their payables processes, as all monthly statements of account (SOAs) must be paid on time to maintain good standing with the CBSA. Please note, under CARM there is no flexibility on payment terms or timeframes.

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 you'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 make the transition to CARM.