

# The Ultimate Guide to CBSA Assessment and Revenue Management (CARM)



This “Ultimate Guide to CARM” has been developed to help importers and brokers understand the initiative at both a high level and to provide a look into the deeper aspects of the program. With this overview in mind, importers and customs brokers will understand what they need to do, when they need to do it, best practices to manage change, and how prepare now ahead of anticipated compliance deadlines.

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## CARM: The Basics

CBSA's Assessment and Revenue Management (CARM) will transform how the Canada Border Services Agency collects, manages, and reports on import revenue and trade information. It is a far-reaching multi-phase project. The CBSA has stated that CARM will simplify importation, offer a modern interface for importers or their agents to enter information, enable importers to access and amend their information on-demand, reduce costs, and elevate the level of compliance with regulations. The agency is also implementing this new system to better assess inbound shipments and the duties and taxes owed on each shipment.

**CARM is coming soon and both importers and customs brokers need to take action.** Since CARM is complex with rigorous compliance requirements, best-in-class importers and customs brokers are looking for methods to enable compliance while keeping manual data entry low.

Market leaders are looking for a complete business system that can manage CARM and provide:

- ✓ Automation of tasks
- ✓ Business Intelligence (BI) and analytics
- ✓ End-to-end accounting
- ✓ Role-based security
- ✓ Alerts and exception management
- ✓ Status updates to importers



*Market leaders know that if they can automate the repetitive tasks required by CARM, they will have more time to focus on customer service and grow their businesses.*

# Release Overview At-a-Glance and Anticipated Deadlines

The below timeline highlights the current and upcoming anticipated release dates.



## Release 0

### Technology Upgrade

- Release 0 is a systems change only
- In this release the legacy Account Receivable Ledger (ARL) technology is upgraded
- This is a seamless migration with no impact to users

## Release 1

### CARM Client Portal Goes Live with Basic Functionality

- Importers will need to register and obtain a business number
- The portal will allow importers to delegate authority to their broker
- Users can also manage account data, view statements of accounts and make payments

## Release 2

### Full CARM Client Portal Functionality Is Available

- Importers will need to secure a bond
- New commercial accounting declarations (CAD) process introduced
- Corrections and adjustments will be enabled
- A harmonized billing cycle will be established



*Action will need to be taken by both brokers and importers to enable compliance.*



## The Complexity of CARM: A Closer Look

### CARM Release 0

Release 0 is the foundational structure for CARM. CBSA IT professionals are simply moving the legacy data center structure to a more robust platform. This is a behind-the-scenes move although there may be some slight delays in current processing.

### CARM Release 1

When the CARM Client Portal goes live, importers, customs brokers, and trade consultants (upon request) will be able to log-on.

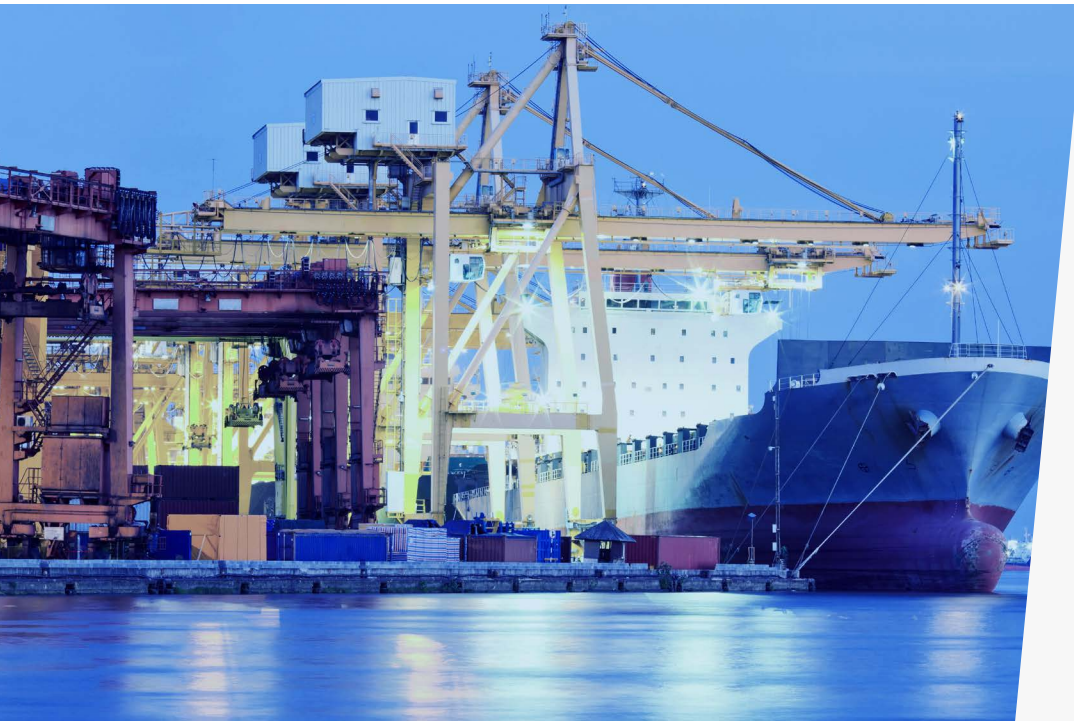
The CARM Client Portal will feature:

- The ability to set up a Pre-authorized Debit (PAD) to remit payment in addition to credit card or Automated Clearing House (ACH) withdrawal from financial institutions
- Statements of Account (SoAs) and basic client transaction information
- The ability to delegate access to business accounts, individuals and/or legal entities (delegation by importers will be limited to customs brokers and trade consultants)
- Rulings requests
- Implementation of a new onboarding process
- New tools available for trade chain partners

## CARM Release 2

When Release 2 is implemented, more robust functionality will be implemented. Release 2 will feature:

- The introduction of a new Commercial Accounting Declaration (CAD)
  - The CAD enhances and replaces the current B3 customs coding and B2 adjustment request forms
  - The release process itself will not be impacted (except for B3 Type C release entries where the CAD will be presented as part of release package instead of a B3 form)
  - Duties and taxes will be automatically calculated based on information presented on the CAD
  - Delegation of authority must be performed to enable a customs broker to submit a CAD on behalf of the importer
- The ability to submit, correct, or adjust a CAD
  - Changes to a CAD can be performed manually via the CARM Client Portal, via EDI, or through a technology provider
  - Electronic versioning of the CAD replaces the legacy paper B2 adjustment process
  - A correction period will be introduced that will allow changes between CAD submission and the payment
  - Mass adjustments can be submitted without prior CBSA approval in certain scenarios



*CARM is complex. Market leaders are looking to technology providers that can keep pace with CARM and the detailed versioning and correction processes.*

# Steps to Success for Importers and Customs Brokers

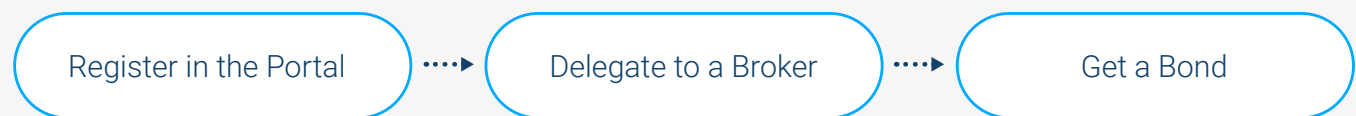
## Importers

CARM includes a fundamental shift for importers. **The liability and financial risk for duty and tax payments will be the responsibility of the importer.** This is a change that highlights the differences between the previous structure where brokers would extend their bond to importers.

In addition, all importers need to register with the CBSA. It will be mandatory for importers to secure a Business Number (BN) and set up a client profile in the CBSA's upcoming web-based CARM Client portal. Once a client profile is established, many importers are delegating authority to their customs broker to manage CARM-related processes. Those importers that do not properly register in the CARM portal will not be able to import goods into the country after Release 2.

All importers will also be required to obtain a bond. This bond is called a Release Prior to Payment (RPP) bond which can be obtained from a surety company. **An importer must have their bond prior to Release 2 which is anticipated to launch in the spring of 2022.** Any importer who does not have bond in place will be required to pay duties and taxes prior to release of their shipment.

## CARM: Steps to Success for Importers



Accounting processes will also change under CARM and require new billing cycles for the payment of duties, taxes, and fees. These changes will require importers to adapt their internal accounting processes to ensure that they coincide with the new schedule.

As seen in the release drill down section of this Ultimate Guide to CARM, there are aspects of CARM that can be complex. For example, CARM introduces a new Commercial Accounting Declarations (CAD) process. This new system includes a versioning and correction process. Since CARM processes can be involved, best-in-class businesses are looking for technology that can enable compliance, keep pace with regulatory change, and automate repetitive tasks.

## CARM: A Quick Overview At-a-Glance

- CARM is a long-term project
- Importers will need to take action or their shipments will be delayed or refused
- CARM includes a liability shift for duties and taxes from the broker to the importer
- Importers will have a cost outlay to purchase bonds
- CBSA will expect prompt payment for duties and taxes
- CARM will impact both financial processes and compliance practices

## Customs Brokers

Many customs brokers have been monitoring the CARM initiative since the launch of the Accounts Receivable Ledger (ARL) project in January 2016. With an eye on pending compliance initiatives, brokers have watched the development of the program and noted the change in anticipated deadlines due to the global pandemic.

Brokers have been disseminating information about CARM stressing the urgency. They are strongly encouraging their importers to register in the CARM Client Portal when it goes live, guiding them to delegate authority, and obtain a bond.

Brokers are also exploring more automated means to send data to CBSA than using the CARM Client Portal. They are seeking a complete business system to manage their compliance instead of via manual one-off data entry.

Best-in-class brokers know that if they can automate the repetitive filings required by CARM, they will have more time to focus on customer service and grow their businesses. Leading brokers are connecting with internal stakeholders and contacting potential technology providers that can enable compliance for their importers without adding a high workload.



*With an eye on pending compliance initiatives, brokers have monitored the development of the program and noted the change in anticipated deadlines due to the global pandemic.*



# Best Practices for Change Management

For importers and brokers, CARM will mean changes to processes. This is especially the case for importers with the introduction of new billing cycles, the liability shift, and the need to get a bond. Market leaders are adopting a systematic approach to CARM to ensure that there will be no delay in shipment clearance including:

- **Importer Executive Visibility**
  - Let the financial leaders of the organization know that change is coming
  - Share a detailed plan of what needs to be done when, who will do it, and cover anticipated deadlines with department heads
  - Explain that CARM will cost money to secure a bond
  - Describe the change of liability from brokers to importers
  - Cover that CARM is a long-term initiative and will require resources to manage and communicate with a broker if delegated
  - Share the risks involved should a bond not be secured or if CARM registration is not performed
- **Designate a “Champion”**
  - Importers and brokers alike should assign a champion or team to manage CARM
  - The champion at the importer should be the one to obtain a business number and manage transactions
  - The champion at the broker should spearhead the information sharing with importers
  - Both importers and brokers should explore technology that can enable automated and systematic compliance
- **Monitor Compliance**
  - Importers and brokers should continue to:
    - Track ongoing compliance, transactions, and Statements of Account
    - Check rulings requests
    - Keep pace with future CARM developments independently or using a technology provider



## How Descartes Can Help

Descartes is a leader in Canadian customs and regulatory requirements such as CARM. Descartes' technology is geared to enable compliance, increase customer satisfaction, and improve operational effectiveness through automation of labor-intensive compliance-related processes.

As an on-demand software solution, Descartes provides customs brokers and importer self-filers with the ability to streamline and automate the workflows associated with customs entries, regulatory filings, and requirements such as CARM. The solution uses the Descartes Global Logistics Network™ (Descartes GLN™) to electronically connect customs brokers with shippers, importers, carriers, and regulatory authorities to speed data collection and dissemination.

Descartes' technology eliminates the need for repetitive, error-prone, time-consuming manual data entry into government portals. With the Descartes solution in place, customers can minimize time spent on lower value tasks and free resources to focus on customer service.



## About Descartes Systems Group

Descartes is the global leader in providing on-demand, software-as-a-service solutions focused on improving the productivity, performance and security of logistics-intensive businesses. Customers use our modular, software-as-a-service solutions to route, schedule, track and measure delivery resources; plan, allocate and execute shipments; rate, audit and pay transportation invoices; access global trade data; file customs and security documents for imports and exports; and complete numerous other logistics processes by participating in the world's largest, collaborative multimodal logistics community. Our headquarters are in Waterloo, Ontario, Canada and we have offices and partners around the world.

Learn more at [www.descartes.com](http://www.descartes.com) and connect with us on [LinkedIn](#) and [Twitter](#).

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