

CARM: U.S. Exporters and Canada's New Import Management System



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Introduction

Canada has a new system for processing imports. The initiative, called the [Canada Border Services Agency \(CBSA\) Assessment and Revenue Management project](#)—or CARM—is set to become mandatory in October 2024. CARM will affect the customs clearance process for all importers, including U.S. businesses. This means U.S. businesses should be aware of the new system, understand how it may affect their Canada-bound shipments, and take the steps necessary to ensure a seamless transition.

According to [Canada Border Services Agency \(CBSA\)](#), the agency responsible for customs management, CARM will simplify and modernize the importation process. This

includes “transforming” the collection process for duties and taxes. The new CARM system is intended to make the importation process easier, namely by replacing outdated processes which, according to [CBSA](#), “require substantial manual processing and paperwork, and rely on an assortment of aging IT systems, some of which are more than 30 years old.”

With CARM in place, CBSA Executive Vice President Ted Gallivan envisions a scenario in which “everything is digitized, and a truck literally does not have to stop at the border.” Gallivan, participating in a [Globe and Mail-sponsored webinar](#), explained that CARM will allow CBSA to better manage the \$33 billion that is collected

at the border each year. "But there are also regulatory changes that are happening at the same time," he added, along with "a business transformation in terms of the CBSA's approach."

Specific CARM benefits, according to [CBSA](#), include:

- Simplification of the overall importation process.
- Creation of a modern interface for importing into Canada.
- The ability for importers to self-service their accounts, with ready access to account information.
- Improved consistency of compliance with trade rules.
- Reduction in costs associated with importing into Canada. (These benefits will be discussed in greater detail on the following pages.)

CARM will be implemented in two stages. The first stage, "CARM Release 1," was introduced in May 2021 and featured the CARM Client Portal (CPP). The portal is a cornerstone of the CARM project and provides a self-service tool that improves accounting and revenue management-related interactions with CBSA. Trade community members have been encouraged to register with CARM, set up portal accounts, and familiarize themselves with the new system.

The second phase, "CARM Release 2," has been delayed several times, but is now on track for an October 2024 implementation. At that time CARM registration will be mandatory for all commercial importers. Businesses that have not set up CARM accounts will be unable to complete the import process and shipments will be subject to delays.

There are steps a business must take to prepare. Setting up an account, and ensuring all CBSA requirements have been met, of course, top of the list. But businesses also need to understand the CARM system. Why exactly was it developed, and what does CBSA hope the system will achieve? And how will CARM benefit members of the trade community?

The following discussion will answer these questions, and help businesses ensure they are ready when CARM becomes mandatory. Since customs compliance can be tricky, the discussion will also highlight assistance and expertise available to the trade community.



An aerial photograph of a two-lane highway winding through a landscape. The highway is dark asphalt with white lane markings. A small dark car is in the left lane, and two large white semi-trucks are in the right lane. The highway is flanked by green grassy fields. To the right of the highway is a dense forest of trees with some autumn-colored foliage. The bottom of the image has a solid orange bar.

CARM—A Brief Background

CARM—A Brief Background

During 2022, CBSA [collected C\\$34.4 billion](#) in taxes and duties, making the customs agency Canada's second largest revenue collector after the Canada Revenue Agency. Not surprisingly, CBSA has extensive accounting procedures in place to ensure proper management of revenue collected at the border. In recent years though, many of those processes have become outdated, as new technology has been developed and the volume of goods arriving at the border has increased significantly, with much of the increase attributable to the surge in eCommerce.

This has put a strain on the agency's ability to manage its accounting responsibilities, and resulted in what CBSA described as a ["heavy administration load."](#) An example of how overloaded the process has become can be found in a 2019 [audit](#) which found significant management issues with CBSA's [Courier Low Value Shipment \(CLVS\) program](#). This program allows expedited processing for shipments valued at less than C\$3,300 (at the time of the audit though, the threshold was C\$2,500), that are transported by an approved courier. The program is ideal for eCommerce shipments, which are often low-value items intended for consumers' personal use.

The audit determined that CBSA's existing practices were not adequate to keep pace with growing volume. Specific findings included:

- **"Poor data management."** The audit found that CBSA did not take advantage of detailed information that courier companies typically maintain for shipments under their control. With this limited information the audit noted, it was impossible for CBSA to "confirm the sales taxes owed and to ensure the courier companies remitted the sales taxes to the government."
- **Over-reliance on "good faith."** CBSA tended to rely on the "good faith" of courier companies to assess and pay correct sales tax amounts.
- **Inability to determine program eligibility.** The audit determined that a significant volume of shipments claiming eligibility for the program were, in fact, not eligible. This is because many shipments were found to have been under-valued. Of the shipments examined, the actual value was determined to be C\$13.5 million, or "17 times larger than the declared value of C\$800,000." In a subsequent review, CBSA examined shipments managed by three different couriers and found "the value was inaccurate in 22% of sampled shipments," the audit noted.
- **Failure to automate.** As far back as 2009, CBSA recognized the need to upgrade technology to manage its growing volume of packages. "However," the audit stated, "we found the agency did not take any action to automate its systems."



While these audit findings only address the Courier Low Value Shipment program, CBSA [identified](#) inefficiencies affecting its overall ability to manage accounting-related responsibilities. Areas of concern include:

- Inefficiencies resulting from a reliance on manual and, in some instances, paper-based processes.
- Difficulties in collecting debts owed to the Canadian government.
- Difficulties in facilitating compliance with trade rules and regulations regarding the importation of commercial goods into Canada.
- Challenges in navigating overly complex processes and rules related to commercial accounting, including non-harmonized payment due dates.

CARM—Many Years in Development

The concept for the CARM Project was approved in [2010](#), well before problems in the Courier Low Value Shipment program were identified. The design and implementation phase began in 2014, with the goal of releasing the system in distinct phases, spread over the course of several years.

As the project got underway, CBSA identified several “must haves” that the system must include. Those essential benefits include:



Provide an electronic option for the payment of duties and taxes.



Replace outdated systems with modern applications and platforms.



Create a self-service portal to allow interactions with CBSA. The portal should allow users to register, conduct assessment activities, obtain information, view financial transactions, and manage accounts online.



Improve the accuracy and timeliness of trade data that will:

- Provide a level playing field for all importers, exporters, and Canadian businesses.
- Support the Government of Canada in developing effective fiscal and monetary policies.
- Allow for better detection of trade non-compliance and fraud.
- Enable CBSA to manage the assessment and collection of revenue.
- Modernize trade, improve program efficiency, and enable new service options.



Allow users to retrieve account statements via the secure portal.



Implement client-based accounting processes to improve the range and responsiveness of services provided to commercial clients.

A [more simplified list](#) identifies three core CARM objectives:



Reduce and streamline paperwork.



Replace aging computer systems.



Eliminate cumbersome processes.





CARM Timeline and Capabilities



CARM Timeline and Capabilities

The CARM system will become mandatory for all members of the trade community with the implementation of Release 2, scheduled for October 2024. Release 1, which introduced the essential CARM Client Portal (CCP), occurred in May 2021. Businesses that have not yet registered for access to the CCP should take steps now to complete the process. Once Release 2 is official, CARM will become the only way to transact business with CBSA.

CARM Release 1

The first phase, known as CARM Release 1, was introduced in May 2021. A client portal was at the heart of this release, which features self-service tools for invoicing and making payments. The portal is available to importers and customs brokers who have completed the system's registration process (explained below).

CBSA notes that Release 1 capabilities include:

- **View transactions** posted to users' accounts.
- **Make payments by credit card or debit card.** Users can also set up a pre-authorized debit arrangement.
- **Delegate client portal access** to employees and third parties.
- **Request and track the progress of advance rulings.** This refers to instances in which shippers ask CBSA to determine the correct tariff classification code, country of origin, or valuation of their products before they arrive at the border.
 - Shippers provide CBSA with detailed information about their products.
 - CBSA uses that information to identify the correct customs values.

By receiving an advance ruling, shippers eliminate the risk of submitting incorrect information to CBSA, which can result in fines and delays.

- CARM allows businesses and customs brokers to [request an advance ruling directly within the system](#). CBSA's decision will automatically appear in the business's account, along with adjustments to duties and taxes.
- **Classify goods and estimate duties and taxes.** Each product imported into Canada must include a tariff classification code. This code is used to identify the product and determine the amount of duties owed. The code also helps determine if a product is eligible for duty-free status, under the terms of a free trade agreement such as the United States-Mexico-Canada Agreement (USMCA). Identifying the correct information though, can be difficult. [CARM facilitates the process](#) with important capabilities that include:
 - Duty and tax calculator. The shipper types in background information, including a product's tariff classification code. CARM assesses that information to provide a duty and tax estimate.
 - If the tariff classification code is unknown, CARM includes a "help" feature that assists in identifying the correct code.

CBSA emphasizes that CARM's duty/tax and classification features are NOT official rulings. Instead, they are offered as estimates to help shippers anticipate their duty/tax obligations.

benefit from the option to defer duty/tax payments. CBSA offers this "privilege" under a program known as [Release Prior to Payment \(RPP\)](#). To be eligible, a party must post financial security, also referred to as "surety," and obtain an account security number.

Prior to CARM, individual businesses could rely on their customs brokers' surety bonds, and did not have to secure bonds for themselves. Once CARM becomes mandatory though, this changes. Importers will [no longer be able to use their customs brokers' RPP security](#) to clear shipments and receive RPP benefits. Instead, liability for paying duties and taxes shifts to the importer, requiring the importer to post security.

According to [Livingston International](#) customs brokers, importers have three options when it comes to posting financial security:

Obtain a surety bond. This is regarded as the most efficient solution.

Post a cash deposit. CBSA will hold the importer's deposit, and make deductions as required.

Pay duties and taxes at the time of importation.

[Livingston](#) advises that "without RPP security, an importer will be required to pay in advance on the CARM Client Portal or pay the CBSA cashier at the time of clearance, causing potential delays at the border."

CARM Release 2

The second phase, referred to as CARM Release 2, will expand client portal capabilities to include:

- **Release prior to payment.** In certain situations, an importer or customs broker can have goods cleared into Canada before paying duties and taxes. Participation is generally limited to businesses and customs brokers that import high volumes, and can



What is a Surety Bond?

According to [FCA Surety](#), a surety bond, also called a customs bond, guarantees that an importer/business will comply with all customs regulations, and will pay all applicable import duties, taxes, fines, and penalties.

Surety bonds are legal contracts between the principal (importer/business), the Surety company that issues the bond, and CBSA. If a business fails to pay, CBSA will collect from the Surety company. The Surety company will then use legal means to collect from the business/importer.

- **Commercial accounting declaration.** CARM will introduce a new document to the importation process. This document, the [Commercial Accounting Declaration \(CAD\)](#) will be used to account for goods imported into Canada. With CAD, all information can be entered and changed electronically.

The CAD will [replace](#) two forms currently in use:

- Form B3—Customs coding form.
- Form B2—Request for adjustment form (used to make adjustments after a B3 form has been submitted).

A business that needs to adjust a CAD after it has been submitted will be able to do so within CARM. In addition, CARM will automatically calculate taxes and duties based on information provided on a CAD.

- **New billing cycles and additional payment options.** Release 2 will introduce [new billing cycles](#) to harmonize payment due dates for all transactions. The new cycles will simplify the way in which accounting information is corrected. The following billing cycles and payment due dates will be affected:
 - High Value Shipments (HVS)/Low Value Shipments (LVS).
 - Courier Low Value Shipments (CLVS).
 - Customs Self-Assessment program (CSA).
 - Continuous Transmission Commodities (CTC).
 - Within CARM, the payment due date will be 10 weekdays (defined as Monday to Friday, inclusive of holidays) after the 17th of the calendar month.
 - Release 2 will also include an interest-free correction period during which importers can make any required changes up until the payment due date.



Steps to Make Your Business CARM-Ready



Steps to Make Your Business CARM-Ready

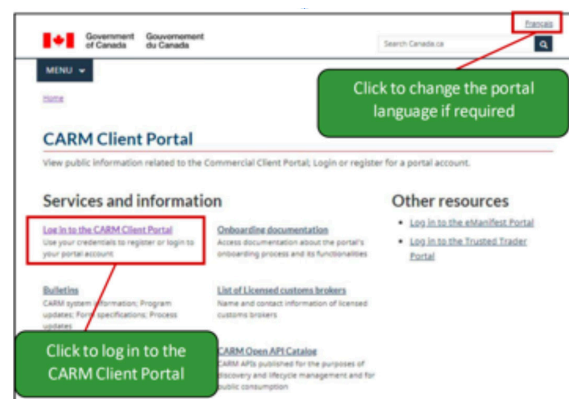
CARM will become mandatory when Release 2 is finalized. CBSA expects that rollout to occur during 2024, with a tentative release schedule for October. At that time CARM will become an essential—and unavoidable—part of importing goods into Canada. Businesses that have not registered with CARM, and completed other required steps, will be unable to import goods into Canada. This means shipments will be delayed, and U.S. businesses will experience disruptions in reaching Canadian customers.

Businesses can avoid that disruption by taking the time to complete the onboarding process.

CBSA has outlined the steps necessary to ensure CARM-readiness, which are listed in the [CARM Client Portal User Guide](#), which can be accessed via the CBSA website. Necessary steps include:

Step 1: Create a CARM Client Portal (CwCP) individual user account.

Timeframe: NOW



- In order to access the portal, a user will be asked to log-in using one of the following options:

- **GCKey.** This option allows users to log in using a Government of Canada User ID and password. [A GCKey](#) is a unique electronic credential that allows users to securely conduct business online with various government agencies and departments. Government agencies and departments that accommodate GCKeys are called “enabled services.”
 - Individuals can receive a GCKey by enrolling in an enabled service. For CARM, users can register for a GCKey during the enrollment process.
 - **Sign-In Partner.** [Sign-In Partners](#) are financial institutions and banks that allow customers to use their online credentials to access other secure sites. This means CARM users can log in via a User ID and password that is already set up for online banking, or other purposes.
 - After a user has successfully accessed the portal, the next step is to create a username and password and register for an account.
- business number. Every business account has at least one reference number. Some importers have multiple program accounts.
- **Business-Specific Information.** Next, the user will be asked to provide business details. This includes information about transactions, and duties and taxes paid on those transactions. In some instances, a business’s customs broker may need to provide those details.
 - Once the account is setup, the BAM will have access to the Client Portal. This will enable access to key features including:
 - **Employee/Business Contact access:** Employees and business contacts can be granted access to the CARM business account.
 - **Financial Information:** Users can view detailed information including transaction histories, CBSA invoices and CBSA account statements.
 - **Payments:** Users can make payments and payment arrangements.
 - **Declarations:** From the Declarations landing page, the user will have access to the duties and taxes calculator. This tool can be used for estimating duties and/or taxes for goods set to be imported.
 - **The “help me classify” button** will direct the user to an embedded classification tool. This tool will assist in identifying the correct tariff classification tool.
 - **Rulings:** Users can view and manage all requests to CBSA for advance rulings. This includes determinations about a product’s tariff classification, valuation, and/or country of origin.

Step 2: Create a Business Account

Timeframe: NOW

- Once an individual user account is created, the next step is to link that account to a Business Account.
 - A business should designate a business account manager (BAM). The BAM will have overall responsibility for the account. Each business account can have only one BAM. The BAM can assign account access to other users.
 - The BAM will need to provide specific information that includes:
 - **Business Number:** This is a unique number issued to each business by the Canada Revenue Agency. All businesses operating in Canada are required to have a business number.
 - **Program Reference Number:** This is a 4-digit number used by the Canada Revenue Agency to [identify a specific type of business activity](#). The reference number is added to the 9-digit

Step 3: Delegation of Authority

Timeframe: NOW

- Once a business has set up an account on the Client Portal, the BAM can grant access to employees and third-party associates. Appropriate third parties can include customs brokers and other trade-related professionals.

Step 4: Obtain a Release Prior to Payment (RPP) Bond

Timeframe: Prior to Release 2—NOW

- Importers interested in taking advantage of Release Prior to Payment (RPP) privileges will need to [post financial security](#), as outlined by CBSA. This is because, after CARM Release 2, businesses will no longer be able to rely on a customs broker to secure their shipments. Instead, each importer will need to satisfy the security requirement on its own.
- [CBSA advises](#) that a business should “speak with your customs broker or a surety company for assistance in obtaining a surety bond for Release to Prior Payment privileges.”

CARM Readiness Checklist

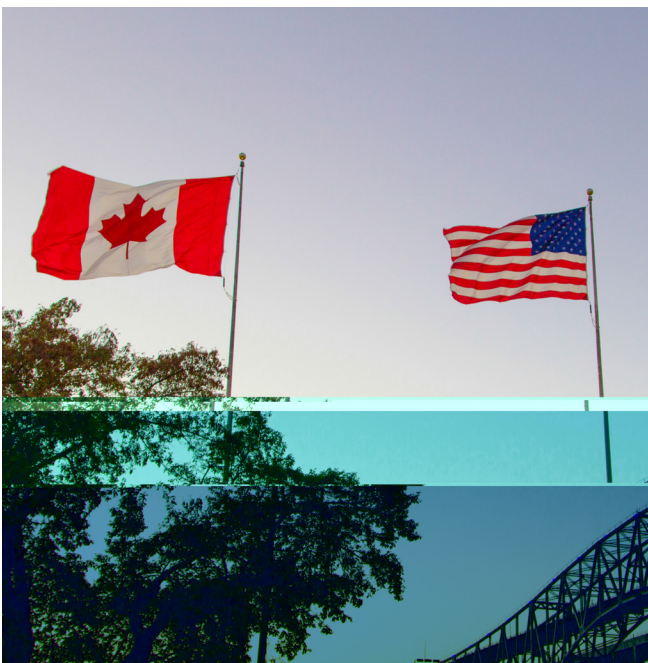
To help importers prepare, following is a quick CARM Checklist of required steps:

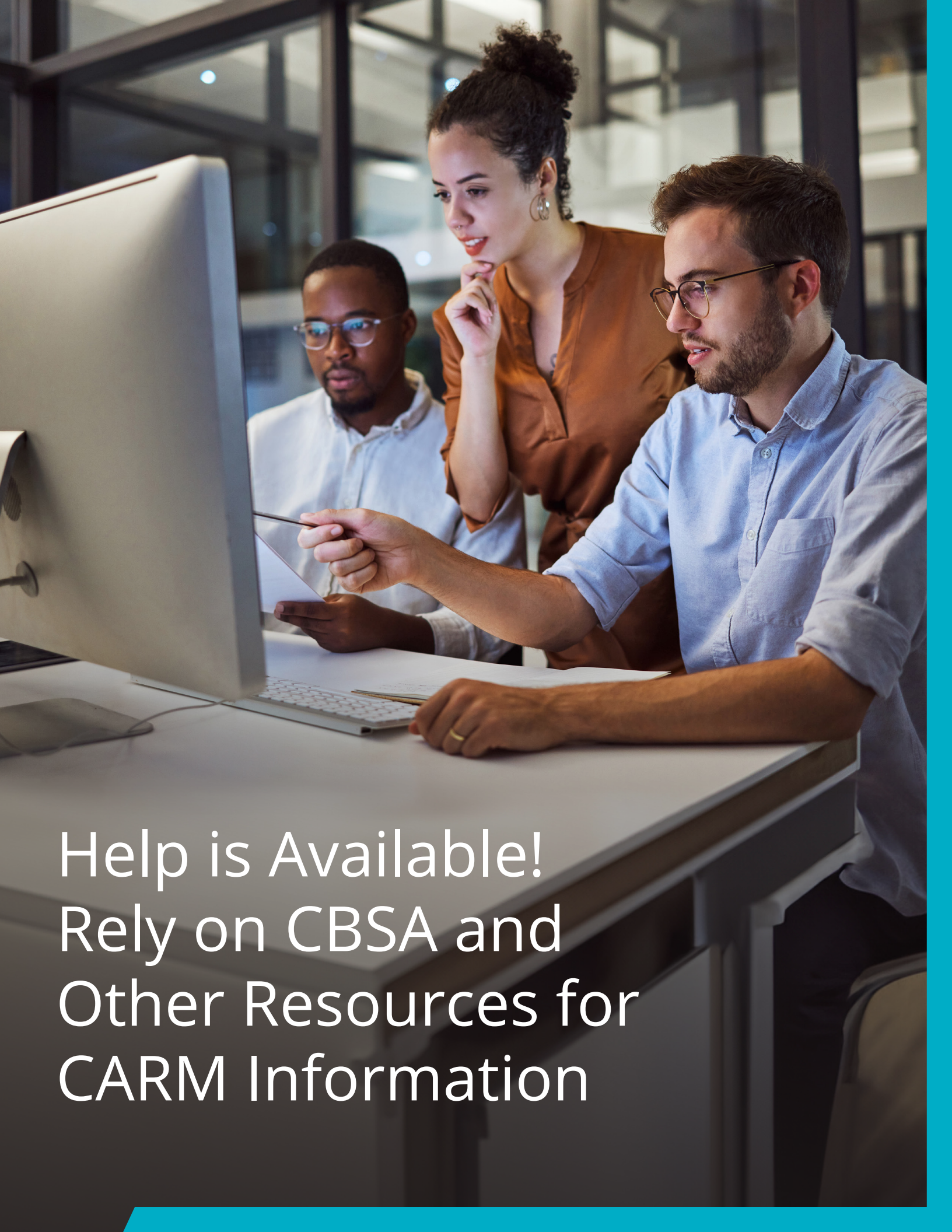
• Release 1—May 2021

- Acquire a business number (BN) from Canada Revenue Agency, along with program account and/or program ID numbers.
- Set up an individual user account on the CARM Client Portal. To do this, a user will need to acquire a GCKey or use a Sign-In Partner.
- Designate a business account manager (BAM) and create a business portal account.
- Delegate authority/grant access to employees and applicable third parties.
- Use the portal for capabilities that include:
 - View transactions posted to the user's account.
 - Enable payments either via credit card or by setting up a pre-authorized debit.
 - Request and track tariff classification and other types of rulings electronically.
 - Access the duty and tax calculator.

• Release 2—October 2024 (scheduled)

- Set up your importer security bond. This will become mandatory with the implementation of Release 2. Importers will no longer be able to rely on a customs broker's bond for Release Prior to Payment (RPP) program privileges. A business should speak with a customs broker or a surety company for assistance in obtaining a surety bond.



A photograph of three people in a modern office environment. A woman with dark curly hair in a bun, wearing an orange top, stands behind two seated men. The man on the left is Black, wearing glasses and a white shirt, looking at a large computer monitor. The man on the right is white, wearing glasses and a light blue button-down shirt, pointing at the monitor with a pen. The background shows office shelves and glass partitions.

Help is Available!
Rely on CBSA and
Other Resources for
CARM Information



Help is Available! Rely on CBSA and Other Resources for CARM Information

For many shippers, transitioning to CARM will likely be a source of confusion. After all, CBSA describes CARM as a “transformational” improvement. It’s not surprising then, that the new system will mean significant changes.

Businesses will find plenty of resources available to help explain these changes, and assist with CARM compliance requirements. [CBSA](#) has produced several publications, along with informational videos, that detail specific elements of the new system. Those materials include:

Documents

User Guide—Onboarding to the CARM Client Portal

[Download](#)

Information Sheet—Registering a business on the CARM Client Portal

[Download](#)

User Guide—Delegation of Authority

[Download](#)

User Guide—Financial Information and Payments

[Download](#)

User Guide—Managing Rulings

[Download](#)

Video Tutorials

**How To Create Login Credentials and a User Account
in the CARM Client Portal**

CARM | CBSA Assessment and
Revenue Management

[Watch Video](#)

**How to delegate authority
for a third party service provider
in the CARM Client Portal**

CARM | CBSA Assessment and
Revenue Management

[Watch Video](#)

**How to link a user account
with a business account in
the CARM Client Portal**

CARM | CBSA Assessment and
Revenue Management

[Watch Video](#)

**How to manage a client group in the
CARM Client Portal**

CARM | CBSA Assessment and
Revenue Management

[Watch Video](#)

**How to set up a delegation of authority
for employees in the CARM Client Portal**

CARM | CBSA Assessment and
Revenue Management

[Watch Video](#)

**How to upload a document to the
CARM Client Portal**

CARM | CBSA Assessment and
Revenue Management

[Watch Video](#)

How to submit a ruling request in the CARM Client Portal

CARM | CBSA Assessment and Revenue Management

[Watch Video](#)

How to Submit Additional Information to a Ruling Request in the CARM Client Portal

CARM | CBSA Assessment and Revenue Management

[Watch Video](#)

How to request a modification to a submitted ruling in the CARM Client Portal

CARM | CBSA Assessment and Revenue Management

[Watch Video](#)

How to look up your rulings records in the CARM Client Portal

CARM | CBSA Assessment and Revenue Management

[Watch Video](#)

Understanding ruling statuses in the CARM Client Portal

CARM | CBSA Assessment and Revenue Management

[Watch Video](#)

How to Look Up Published Rulings in the CARM Client Portal

CARM | CBSA Assessment and Revenue Management

[Watch Video](#)

How to view financial information and transaction history in the CARM Client Portal

CARM | CBSA Assessment and Revenue Management

Watch Video

How to Set Up Pre-Authorized Debit (PAD) in the CARM Client Portal

CARM | CBSA Assessment and Revenue Management

Watch Video

How to Make a Payment by Credit Card in the CARM Client Portal

CARM | CBSA Assessment and Revenue Management

Watch Video

How to use the Duties and Taxes Calculator in the CARM Client Portal

CARM | CBSA Assessment and Revenue Management

Watch Video

How to Make a Payment by Interac® Online in the CARM Client Portal

CARM | CBSA Assessment and Revenue Management

Watch Video

Customs Brokers

Customs brokers, including [Livingston International](#), are also a good source of CARM-related guidance. Livingston, which is Canada's largest customs broker, offers several CARM-related publications and videos.

A man with a beard, wearing a dark blue long-sleeved shirt and a high-visibility yellow and orange safety vest, is looking down at a brown cardboard box. He is in a warehouse or industrial setting, with blurred background elements like structural beams and lights. The text "Logistics Expertise is also Essential to Canadian Market Success" is overlaid in white on the bottom left of the image.

Logistics Expertise
is also Essential to
Canadian Market Success

Logistics Expertise is also Essential to Canadian Market Success

In some instances, U.S. businesses can also look to their Canadian logistics provider for customs-related guidance. Purolator International, for example, offers comprehensive cross-border solutions that include:



Fast, direct transit from the U.S. to the border.



Customs brokerage management.



Seamless integration into Canada.



Fast, efficient final deliveries throughout Canada.

Specific to customs clearance, Purolator maintains a team of experienced trade professionals who have broad knowledge about all CBSA programs and processes including CARM. Purolator's trade professionals ensure customers are aware of all customs processes, and compliant with all requirements.

Purolator also maintains extensive relationships with Canadian customs brokers, including Livingston International. Purolator relies on licensed experts to manage the overall customs process, and guide U.S. businesses through the tricky compliance process. As discussed previously, Livingston International offers extensive resources related to the CARM program.

Purolator customers benefit from direct assistance in registering with CARM, posting required financial security, and in helping to ensure proper usage of the portal.





Cross-Border Logistics Capabilities

Although not directly related to the customs process, U.S. shippers benefit from Purolator's extensive portfolio of [cross-border solutions](#). [These capabilities](#) are rooted in Purolator's unique U.S. and Canadian capabilities.

Purolator Inc. is a leading provider of courier and freight services throughout Canada. The company's U.S. subsidiary, Purolator International, has access to extensive distribution networks throughout the United States. The company leverages its U.S. and Canadian networks to offer solutions that address each customer's unique needs. A few highlights include:

- In the United States, Purolator International develops logistics solutions that ensure direct service to the border. In many instances, shipments arrive at the border on the same day they are picked up. When it makes sense, shipments are consolidated for cost-and-time efficiency. This means shipments are combined with other Canada-bound shipments, move directly to the border, and clear customs as a single entry.
- Shipments arrive at the border with all documentation pre-filed, and pass-through Canadian customs with minimal risk of delay.
- Once in Canada, shipments enter the Purolator Inc. network for comprehensive freight and courier service throughout Canada. Purolator's distribution network ensures in-network service to [service to 100% of Canadian postal codes](#), with 94% of deliveries made within two days.
- Purolator offers an [extensive portfolio of service options](#)—courier, LTL, air, hybrid, expedited—that reduce the risk of shipment delays and ensure timely deliveries throughout Canada. Delivery times can be even faster if an air or express ground solution—or a combination of the two—is used.
- Purolator services both the United States and Canada. This ensures in-seamless service from point-of-pickup in the United States through [last mile delivery in Canada](#). Because Purolator's network is so extensive, shipments remain within Purolator's control for the entire cycle. This reduces transit time and minimizes the risk of damage or theft.



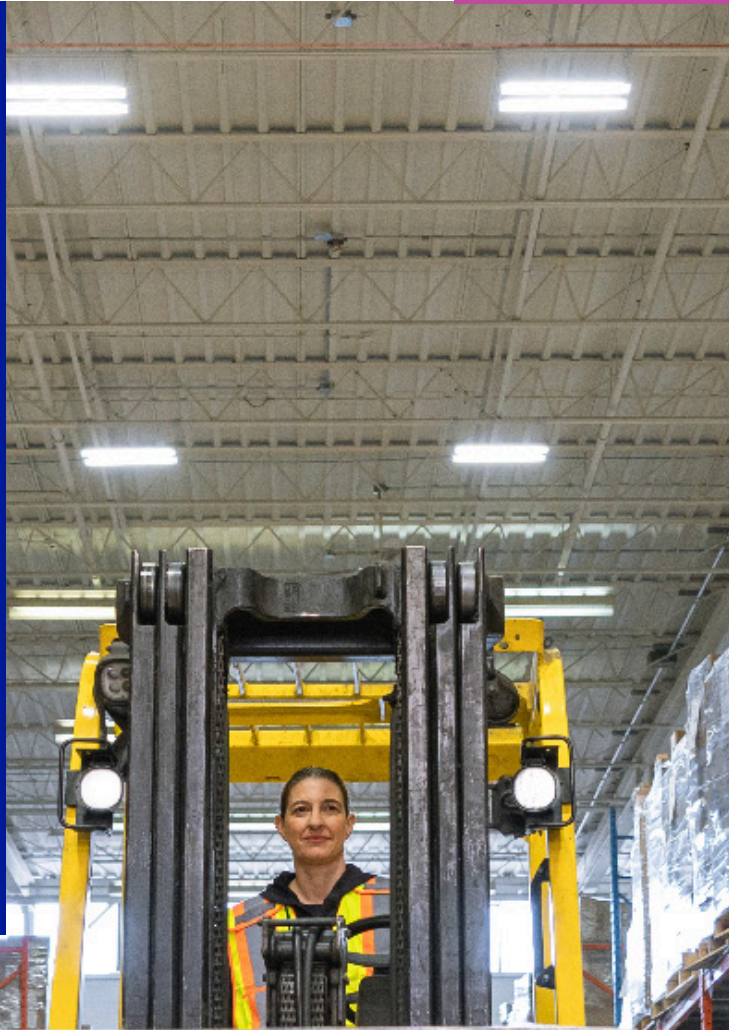
Conclusion

Conclusion

In a short [video](#) introducing CARM, Livingston International describes the system as “epically important” and “the biggest change” to Canada’s importation system in decades. CBSA uses the term “major transformation.” And former-CBSA Commissioner Jon Ossowski told a Parliamentary committee that CARM was “a gamechanger.”

As these descriptions, and the preceding discussion make clear, CARM is indeed a big deal. When fully implemented, the system will modernize importers’ interactions with CBSA. In doing so, the process will become easier.

There are several steps a business must take though, to be ready. Importers that have yet to familiarize themselves with CARM should make this a top priority. Plenty of resources are available to help, including experienced Purolator trade personnel.





Find out how Purolator can
help ship more confidently
from the U.S. to Canada.

Connect with us