

2024 Issue No. 26
29 April 2024

Tax Alert – Canada

Implementation of Release 2 of the CBSA Assessment and Revenue Management (CARM) project delayed to October 2024

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On 19 April 2024, the Canada Border Services Agency (CBSA) announced that the 13 May 2024 go-live date for Release 2 of CARM has been delayed to October 2024 for importers, customs brokers and trade advisors.

The CBSA will continue with an internal implementation of Release 2 on 13 May 2024.

In this Tax Alert, we provide a brief overview of the latest information released by the CBSA with respect to the CARM implementation and review certain planning considerations importers may want to consider ahead of the go-live date for Release 2.

Background

The CARM project is a multiyear initiative to modernize the way the CBSA assesses imported goods, manages revenue and enforces trade compliance. Since May 2021, a limited-functionality version of the CARM Client Portal (CCP), Release 1, has been available for importers, Canadian exporters, customs brokers and trade consultants to interact with the CBSA.

Full functionality of the CARM platform will be available under Release 2 and will introduce significant changes to how importers transact with the CBSA, namely:

- ▶ A requirement for importers to post financial security directly on their accounts to benefit from Release Prior to Payment privileges;
- ▶ Replacement of Form B2, *Canada Customs - Adjustment Request*, and Form B3-3, *Canada Customs Coding Form*, with a new electronic commercial accounting declaration (CAD);
- ▶ Harmonized billing cycles and offsetting options;
- ▶ Electronic management of appeals and compliance actions;
- ▶ Ability to register for a Business Number; and
- ▶ Direct enrolment in several CBSA commercial programs via the CCP.

Full implementation of CARM is expected to simplify the overall importing process, provide a modern interface for paying duties and import taxes and interacting directly with the CBSA, give importers self-service access to their information, reduce the cost of importing into Canada, and improve consistency of compliance with trade rules.¹

Release 2 was scheduled for implementation on 13 May 2024. However, on 19 April, the CBSA published a news release to notify trade chain partners that Release 2 implementation is rescheduled to October 2024.²

Impact

Prior to the announcement on 19 April, the CBSA released Customs Notice 24-14, *Preparing for CARM Release 2 Implementation, Cutover Period*, notifying trade chain partners that a CARM “cutover period” would apply between 26 April and 13 May, during which the CCP would be unavailable to allow the CBSA to conduct major infrastructure changes in preparation for Release 2. However, following the delay of Release 2, Customs Notice 24-14 was cancelled, effectively postponing the cutover period to a future undetermined date.

¹ [CARM: Release schedule, features and benefits \(cbsa-asfc.gc.ca\)](https://www.cbsa-asfc.gc.ca).

² [CBSA phasing in CARM: launching internally for CBSA use as planned in May and later in the fall for trade chain partners - Canada.ca](https://www.cbsa-asfc.gc.ca).

The delay of Release 2 has created some uncertainty with respect to measures taken by the CBSA leading up to the Release 2 go-live date. In late March, the CBSA published two Customs Notices dealing with submissions of Form B2 and Blanket B2 Adjustments, which included the following information:

- ▶ Customs Notice 24-10: Effective 1 April, electronic submissions for Single and Blanket B2 Adjustments or Voluntary Disclosure requests will no longer be accepted.³
- ▶ Customs Notice 24-11: Trade chain partners were asked to refrain, where possible, from submitting any Single and Blanket B2 Adjustments or Voluntary Disclosure requests to the CBSA until 13 May 2024.
 - ▶ In late April, Customs Notice 24-11 was cancelled as the cutover period has been delayed.

The unexpected rescheduling of the Release 2 go-live date offers importers an opportunity to further prepare for the obligatory transition to CARM. We anticipate that the CBSA will continue to publish guidance materials and that further modifications to the existing guidance will result as the CBSA advances on system, policy and legislative matters impacted by the new platform's launch.

Next steps

Importers who have reason to believe that self-adjustments are necessary to correct historical entries, and have either recently submitted corrections or voluntary disclosures, or are about to do so, as well as importers who are approaching the conclusion of a verification audit and may need to file adjustments pursuant to audit findings, are encouraged to work with knowledgeable advisors to obtain guidance. The CARM transition is complex; as such, submitting adjustments for pre-CARM import transactions and managing potential non-compliance exposures may require additional consideration.

Navigating the CARM implementation requires a transition plan and change management. Importers are strongly encouraged to draft a go-live plan to assess the current state of their trade operations and trade compliance program and identify possible changes that may be required.

Active monitoring of CBSA updates on the CARM release is also critical. Further, importers are advised to obtain financial security in advance of the Release 2 go-live date, register an account on the CCP to familiarize themselves with the layout and functions of the portal, and team with individuals or service providers that will have delegated authority to access the CCP on the importer's behalf.

³ [Customs Notice 24-10: Termination of the temporary electronic procedures for Canada Border Services Agency's Trade Programs \(COVID-19\) - GTA Pilot \(cbsa-asfc.gc.ca\)](https://www.cbsa-asfc.gc.ca/trade-programs/COVID-19-gta-pilot).

As mentioned above, CARM will introduce significant changes for trade chain partners: new billing cycles, new declaration formats and mandatory posting of security by the importer. As such, new processes and controls will need to be implemented to adapt to these changes. CARM will also provide new trade data analytics opportunities for importers to leverage through real-time access to import data through the CCP. Depending on the circumstance, importers can either monitor their data directly or outsource these responsibilities to service providers with delegated authority in the CCP.

Informed and proactive importers with a robust go-live plan, advisors and trusted partners to outsource certain customs compliance functions, where strategic or necessary, can mitigate potential disruptions to their business and may ultimately find themselves in a stronger and more agile position as a result of the CARM transition. Reliance on customs broker services will likely change, more active compliance management will be required by qualified personnel, and there will likely be a stronger need to leverage capable global trade management software and automate internal processes.

Learn more

For more information, please contact one of the following EY Global Trade professionals.

Sylvain Golsse

+1 416 932 5165 | sylvain.golsse@ca.ey.com

Denis Chrissikos

+1 514 879 8153 | denis.chrissikos@ca.ey.com

Joanna Liang

+1 416 943 5512 | joanna.liang1@ca.ey.com

Camilla da Matta

+1 416 943 2647 | camilla.damatta1@ca.ey.com

Kristian Kot

+1 250 294 8384 | kristian.kot@ca.ey.com

Jocelyn Mao

+1 416 943 2212 | jocelyn.mao@ca.ey.com

Traci Tohn

+1 514 879 2698 | traci.tohn@ca.ey.com

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