

## **Financial Security**

Financial security is a key area of change impacted by the implementation of the CBSA Assessment and Revenue Management (CARM) project.

The changes to financial security for Release Prior to Payment (RPP) privileges will come into effect with CARM Release 2, at which time the CBSA will require all importers who want to participate in the RPP program to enroll and post security with the CBSA. Security may be posted in the form of a cash bond, a (continual) surety bond, or a one-time single entry bond. Without RPP security, an importer will be required to pay in advance on the portal, or pay a CBSA cashier at the time of clearance, for the goods to be customs released.

- **Posting a cash bond**

The amount of security must be equal to or greater than 100% of your highest monthly accounts receivable within the 12-month period from July 25<sup>th</sup> to July 24<sup>th</sup>. The cash bond can be posted to the account by making a deposit through the CARM Client Portal, no minimum amount required. Posting a cash bond is not possible via the pre-R2 interim solution and will only be available in CARM as of Release 2 go-live. For example, if an importer's highest monthly AR is \$5,000 or \$30,000, they will be required to post a cash bond for \$5,000 or \$30,000, respectively.

- **Posting a continual surety bond**

The amount of the security required for non-cash bonds must be equal to or greater than 50% of your highest monthly accounts receivable within a designated 12-month period from July 25<sup>th</sup> to July 24<sup>th</sup>, with updates required by October 15<sup>th</sup> of each year. For importers without 12 months of history, an estimation will be used. The bond amount is also subject to a new \$25K minimum, but the \$10M maximum remains as it is today.

The amount of bond required by the CBSA represents the minimum (and therefore mandated) amount of security required. The CBSA will display the bond amount on the CCP as of CARM Release 2. Since RPP security is mandatory as of Day 1 of Release 2, and the CBSA will only display the bond amount in Release 2, it is recommended that you calculate the required bond amount prior to Release 2. This can be done by calculating the duties and taxes for the 12-month period noted above for each customs broker that you transact business with, or as per monthly totals on the SOA if you receive them from the CBSA or BILSI.

- **Posting a one-time single entry bond**

Details to come

- **Zero (\$0) Accounts Payable**

If an importer's highest monthly accounts payable is zero (\$0) within the most recent 12-month period, no bond will be required. If you start to import goods which result in a payable, or if you are issued an AMP or adjustment, the CARM system will monitor and measure your security utilization and nudge you to provide increased security. It is incumbent on the importer to maintain adequate security to cover their accounts payable per the requirement.

## Obtaining a Surety Bond

Surety bonds must be obtained from an acceptable surety company as outlined in [D-Memo D-17-1-8](#), either directly from the surety company or as arranged through their customs broker.

Surety companies will be registered on the CARM Client Portal (CCP) and can choose to establish an API connection with the CBSA or not. The CBSA will receive the surety bonds one of two ways:

- **Option 1:** You can obtain a bond through BILSI, and CARM will receive the bond via an API connection set up between the CBSA and the surety company; or
- **Option 2:** You can obtain a bond directly from the surety company, enter your bond information directly on the portal, and the surety company will be contacted by the CBSA to have the bond information validated.

## Monitoring Account Security

The CARM Client Portal will provide you and your delegated customs broker(s) the ability to view the amount of security posted to your account, including any RPP bonds, and will send proactive notifications to either increase the amount of security or post payment if your account balance approaches the limit of security on account.

The posted financial security will secure all accounts receivable, including duties and taxes (GST), as well as interest, adjustments, ascertained forfeitures, and SIMA fees. The bond will secure any penalty fees, however, penalties are not used in the calculation of the amount of the bond.

**Post Release 2, if an importer is not registered on the RPP program with a secured bond (if applicable), the shipment WILL NOT be released without full payment in advance. Importers with 0\$ monthly accounts payable, are not required to have a bond.**

## What you, the importer, can do to be ready for CARM:

- Register your company on the CARM Client Portal when it is available to do so in Release 1;
- Familiarize yourself with the new CBSA financial security regulations, either on the CARM web page <https://www.cbsa-asfc.gc.ca/prog/carm-gcra/benef-initiat-avant/importers-importateurs-eng.html> or through BILSI;
- Contact BILSI to review your duty and tax outlays for the latest 12-month period from July 25<sup>th</sup> to July 24<sup>th</sup>;
- Refer to your Articles of Incorporation or Business registry for the names of your corporate signing officers, and determine a process for obtaining their signatures as currently required by surety companies;
- Obtain a surety bond either directly from your surety company or through BILSI, prior to Release 2 to register for the RPP program;
- If you already have a bond, you will need to make sure that the amount of the bond is adequate in accordance with the new calculation rules.

**For more information, please contact BILSI**

[www.cscb.ca](http://www.cscb.ca)

**Your Partners in CARM**