



ARL Webinar: Open Payment Credits on Statement of Account (SOA)

Date: Wednesday May 10 and 17, 2017
Time: 12:30 pm – 2:00 pm, Eastern Daylight Time
Meeting Number: 550 071 281

PROTECTION SERVICE INTEGRITY
TY **PROTECTION** SERVICE INT
ÉGRITÉ PROTECTION **SERVICE**
INTEGRITY PROTECTION SERVI
CE INTÉGRITÉ PROTECTION SE
RVICE INTÉGRITÉ PROTECTION
SERVICE INTÉGRITÉ PROTECTION
ON SERVICE INTÉGRITÉ PROTECTI
ECTION SERVICE INTÉGRITÉ PR
OTECTION SERVICE INTÉGRITÉ
PROTECTION SERVICE INTÉGRITÉ
TÉ **PROTECTION** SERVICE INT
EGRITY PROTECTION **SERVICE**
INTÉGRITÉ PROTECTION SERVI
CE INTEGRITY PROTECTION SE





SOA Credit History Context

- Introduction of Offsetting
- Initial Introduction of Payment Credits
 - Current State
- Reasons Why Payment Credits Might Exist



Introduction of Offsetting

- Prior to August 20th 2016 cheques were issued for adjustments and drawbacks.
- On August 20th, offsetting was introduced. Two pools of credits were available for reconciliation:
 - Refund credits displayed in the other transactions section
 - Payment credits not displayed on the SOA
- This resulted in an incomplete reconciliation on the SOA



Re-Introduction of credits on August 25th 2016

- As part of the offsetting changes and to avoid an incomplete reconciliation, payment credits were added to the SOA.
- The changes were not sufficiently communicated and many Trade Chain Partners were confused.
- An amended SOA was sent August 26th where the payment credits were again suppressed.



August 25th Vs. August 26th SOA

August 25th Payment Credits Included

A.	Transactions	(\$-329.18)
B.	Other charges (due) / Autres frais (dû)	\$0.00
C.	Total Payable / Montant total à payer	(\$-329.18)
C.	Total Payable / Montant total à payer	(\$-329.18)
B.	Other charges (due) / Autres frais (dû)	\$0.00
A.	Transactions	(\$-329.18)

August 26th Payment Credits Supressed

A.	Transactions	\$2,434.12
B.	Other charges (due) / Autres frais (dû)	\$0.00
C.	Total Payable / Montant total à payer	\$2,434.12
C.	Total Payable / Montant total à payer	\$2,434.12
B.	Other charges (due) / Autres frais (dû)	\$0.00
A.	Transactions	\$2,434.12



Current State

- Calculated Grand Total added to SOA
- Opening Balance added to Broker SOA
- Broker Clarification list activities conducted to balance accounts
- Improvements to payment processing, payment allocation and reconciliation procedures
- Improved understanding and documentation on PAS and RES documents
- Reconciliation of importer payments where possible.
- Account Balance Overview Reports
- Remaining credits require trade chain partner input/consultation



Reasons Why Payment Credits Might Exist

- Payment of K84 or payment of reference K84
 - GST and Importer Direct Security (IDS) amounts were included in SOA totals however B2s were not.
- Confusion re: RES and PAS resulting in payments being misapplied
 - Importer payments for GST or IDS debt may have been incorrectly indicated on the RES and applied as a broker payment.
- Overpayment of broker to not “use credits on importer accounts”
 - Payments for the period’s transaction total and not the total payable were made
- Totals for SOA incorrectly calculated (pre-Grand total field)
 - Summed the totals due for all importers resulting in a net overpayment.
 - Cashiers couldn’t allocate the residual



Impacts on the SOA

- Clearing Rules Overview
- Reconciliation Timeline
 - Scenarios



Clearing Rules Overview

Generally speaking, payments will be applied against an account in the following order:

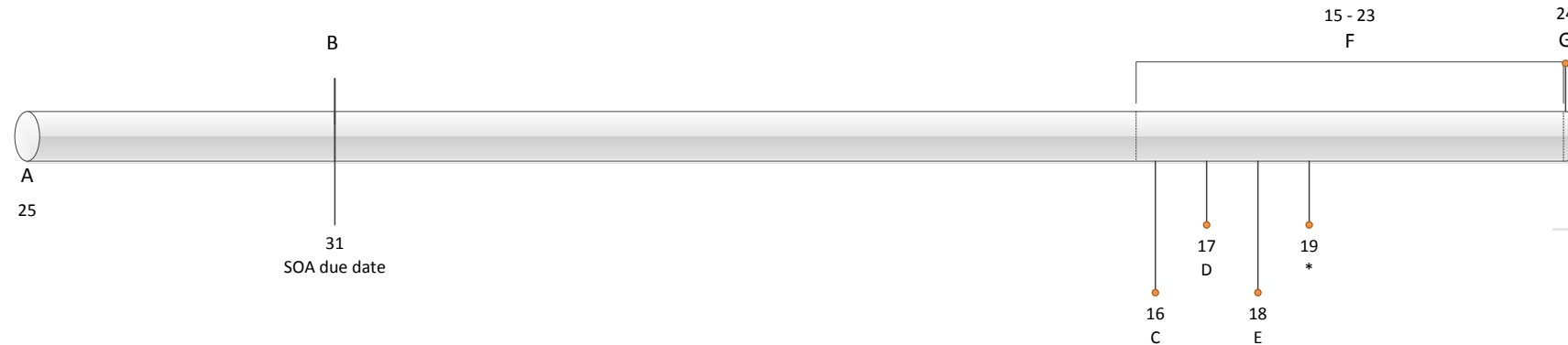
1. Dishonored payment fees (NSFs) of \$25 and other charges;
2. Administrative K23 charges;
3. Penalties (K9, LAP and NPA);
4. Interest charges for overdue accounts; and
5. All other transactions due during the month.

	Debit	Broker A	Broker B	Importer / Consultant / G or i tagged
Credit				
Broker A		Clears	Does not clear	Does not clear
Broker B		Does not clear	Clears	Does not clear
Importer / Consultant		Does not clear	Does not clear	Clears



Reconciliation Timeline

Accounts Receivable Ledger (ARL) Monthly Process



A = Statement of Account (SOA) is generated

B = SOA payment is due (last day of the month)

C = Manual disbursements are processed

D = Large/inactive credit report is run

E = Auto disbursement job is run

* = Manual review of disbursement exception list

F = Clearing run for previous periods transactions, up to and including the last day of the previous month and must occur before all disbursement runs.

G = Clearing run for all transactions up to and including the last day of the current period



Credit documents reducing total payable remaining opening for multiple months

	Pre May Logic	Post May Logic
Month 1 – Opening Balance	\$ 0	(\$ 5,000)
Month 1 - Transactions	\$ 3,000	\$ 3,000
Month 1 – Other Transactions	(\$ 2,000)	(\$ 2,000)
Month 1 – Total Payable	\$ 1,000	(\$4,000)
Payment	(\$1,000)	0.00
Month 2 – Opening Balance	\$0	(\$4,000)
Month 2 - Transactions	\$4,000	\$4,000
Month 2 – Other Transactions	(\$2,000)	(\$2,000)
Month 2 – Total Payable	\$2,000	(\$2,000)



Credit documents offsetting month 1 and being disbursed in month 2

	Pre May Logic	Post May Logic
Month 1 – Opening Balance	\$ 0	(\$ 5,000)
Month 1 - Transactions	\$ 3,000	\$ 3,000
Month 1 – Other Transactions	(\$ 2,000)	(\$ 2,000)
Month 1 – Total Payable	\$ 1,000	(\$4,000)
Payment	(\$1,000)	\$ 0
Disbursement	\$2,000	\$2,000
Month 2 – Opening Balance	\$0	(\$2,000)
Month 2 - Transactions	\$4,000	\$4,000
Month 2 – Other Transactions	\$ 0	\$ 0
Month 2 – Total Payable	\$2,000	\$2,000



B2 payments not being reflected on SOA

	Pre May Logic	Post May Logic
B2 - Due May 26th	\$2,000	\$2,000
Payment – May 24 th	(\$2,000)	(\$2,000)
Opening Balance	\$0	(\$2,000)
Transactions	\$4,000	\$4,000
Other Transactions	\$2,000	\$2,000
Total Payable	\$6,000	\$4,000



Interim Payments not being reflected on SOA

	Pre May Logic	Post May Logic
Security	\$250,000	\$250,000
Payment – May 15 th	(\$250,000)	(\$250,000)
Opening Balance	\$0	(\$250,000)
Transactions	\$500,000	\$500,000
Other Transactions	\$0	\$0
Total Payable	\$500,000	\$250,000



Duplicate payments or overpayments not producing the correct total due – Broker SOA

	Pre May Values	Post May Values
Month 1 Broker SOA Total Payable	\$6,700	\$6,700
Broker Payment	(\$6,700)	(\$6,700)
Importer Payment (For Broker Transactions)	(\$6,700)	(\$6,700)
Month 2 - Opening Balance	\$0	(\$6,700)
Month 2 - Transactions	\$10,000	\$10,000
Month 2 - Other Transactions	(\$ 2,000)	(\$ 2,000)
Month 2 – Total payable	\$8,000	\$1,300



May 25th SOA Scenarios

- Large Credit on GST or IDS Importer
- Large Credit on Standard Importer
 - Large Credit on Broker ASEC



Scenario 1 - Large Credit on Broker SOA for GST or IDS Importer

- Likely caused by K84 or PAS issues
- Send email to CARM inbox identifying:
 - Broker ASEC
 - Importer RM number
 - GST or Importer Direct status
- Use the Subject line: OPENING BALANCE\[ASEC]\MAY 2017
- Resolution may require copies of the PAS/RES as well as importer cheque numbers.
- Remit the total payable for the importer.
- If post payment adjustments result in past-due amounts, associated penalties and interest will be waived.



Scenario 2 - Large Credit balance on Broker SOA for a 'standard' importer

- Generally caused by overpayments to importer accounts
- Send email to CARM inbox for verification
- Use the Subject line: OPENING BALANCE\[ACCOUNT #]\MAY 2017
- Once the cause of the credit is determined corrective actions can be proposed.
- Remit the total payable for the importer.
- If post payment adjustments result in past-due amounts, associated penalties and interest will be waived.



Scenario 3- Large Credit Balance on Broker ASEC account

- Account identified at the top of Broker SOA with a Blank RM or 0000000000RM0000
- Result of an incorrect grand total calculation.
- Submit email to CARM inbox with the ASEC # and total credit amount
- Clarification may required to determine cause of overpayment.
- Post clarification the amount may be applied against grand total
- Remitting payment for a net credit balance in scenario 1 may trigger this in a subsequent month.



Contact Information

- CARM Inbox CBSA-ASFC_CARM.GCRA@cbsa-asfc.gc.ca