

DATE

STUDENT NO.....

EXAMINATION CENTRE

**THE SHIPPING AND FORWARDING AGENTS' ASSOCIATION OF
ZIMBABWE**



CUSTOMS LEGISLATION AND PROCEDURES DIPLOMA COURSE

FINAL EXAMINATION

PAPER TWO

GENERAL PAPER

30 NOVEMBER 2017

TIME ALLOCATION: (2 HOURS)

INSTRUCTIONS

- Part A – Answer compulsory Valuation question.
- Part B - Answer 2 questions in this part.
- Remember to write your student number on all your answer sheets.
- Start each new question on a fresh answer sheet.
- This examination script is the property of SFAAZ and must not be removed from the examination room.
- This paper carries 25% of the final examination mark.

QUESTION ONE- Compulsory

a) The attached invoice, consignment note and rates of exchange are for a shipment imported by road transport.

You are required to calculate the VDPs for the items on the invoice: (25 marks)

b) If the consignment was to be posted to Zimbabwe and the postage was R2577.32. What would be the total VDP for the consignment? (5 marks)

c) A similar consignment was bought in East London, RSA. It was moved by road to Johannesburg RSA. It was then shipped by air to Zimbabwe, landing at Joshua Nkomo Airport in Bulawayo.

i. What is the FOB point for this consignment for calculation of FOB value. (2 marks)

ii. How would you treat Joshua Nkomo Airport charges in calculating VDP. (2 marks)

d) Explain why FOB charges for Airfreight consignments are included in FOB value and not in freight. (4 marks)

e) What is the export value of goods for export? (2 marks)

{Total 40 marks}

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FREIGHT FORWARDING - HANDLING - IMPORT & EXPORT - TRADING

ANDERBOLT	TEL: (+27 - 11) 800-7591/2	P.O. BOX 109
BOKSBURG	TEL: (+27 - 11) 918-0800	EDENGLLEN
NORTH	FAX: (+27 - 11) 894-6003	1013
JOHANNESBURG	BILLY: 082 653 7700	
RSA	GAVIN: 082 876 3000	
	TREVASSEN: 082 654 0100	

Consigner CIM CHEMICALS 5 STIRRUP LANE WOODMEAD OFFICE PARK WOODMEAD RSA		Shipper's Ref. 1071	Our Ref. AF154/17
Consignee INTERGRATED HYGENE SYSTEMS HARARE ZIMBABWE		Notify Party: AGENT: BOOMERANG	
Point of receipt: JHB	Point of Loading: JOHANNESBURG, RSA	ROAD CONSIGNMENT NOTE	
Customs value:	RSA		
Port of Discharge: HARARE	Final Destination: ZIMBABWE	Freight Payable at: PREPAID	No. of Ba/Lading:
Marks and Numbers ADD	No. and Kind of Packages 2 PLTS	Description of Goods SAID TO CONTAIN HYGENIC PRODUCTS	Gross Weight Cub m 1275 KG 2.736 m ³
		ROAD FREIGHT: JOHANNESBURG - BEIT BRIDGE:	R1288.66
		ROAD FREIGHT: BEIT BRIDGE -HARARE :	R 1288.66
		TOTAL:	R2577.32
ABOVE PARTICULARS DECLARED BY SHIPPER			
IMPORTANT			
In order to obtain release of this consignment Please surrender this Bill of Lading to:		AS CARRIERS	
Who will issue a delivery order against payment of any charges which may be due:		Issued JOHANNESBURG, RSA 29.01.2016	
"All work is carried out and undertaken subject to our General Terms & Conditions of Trading which is available on our website www.afnet.co.za			

ZIMRA RATES OF EXCHANGE FOR CUSTOMS PURPOSES FOR THE PERIOD 22 TO 2 DECEMBER 2017

CURRENCY	CODE	CROSS RATE	ZIMRA RATE	CURRENCY	CODE	CROSS RATE	ZIMRA RATE
ANGOLA KWANZA	AOA	165.918	0.006	MALAWIAN KWACHA	MWK	725.545	0.0014
ARGENTINE PESO	ARS	17.695	0.0565	MALAYSIAN RINGGIT	MYR	4.23	0.2364
AUSTRALIAN DOLLAR	AUD	1.302	0.768	MAURITIAN RUPEE	MUR	34.289	0.0292
AUSTRIA	EUR	0.859	1.1641	MOROCCAN DIRHAM	MAD	9.501	0.1053
BAHRAINI DINAR	BHD	0.377	2.6525	MOZAMBICAN METICAL	MZN	60.972	0.0164
BELGIUM	EUR	0.859	1.1641	NAMIBIAN DOLLAR	NAD	14.042	0.0712
BOTSWANA PULA	BWP	10.519	0.0951	NETHERLANDS	EUR	0.859	1.1641
BRAZILIAN REAL	BRL	3.289	0.304	NEW ZEALAND DOLLAR	NZD	1.46	0.6849
BRITISH POUND	GBP	0.757	1.321	NIGERIAN NAIRA	NGN	359.506	0.0028
BURUNDIAN FRANC	BIF	1756.29	0.0006	NORTH KOREAN WON	KPW	130.973	0.0076
CANADIAN DOLLAR	CAD	1.283	0.7794	NORWEGIAN KRONER	NOK	8.17	0.1224
CHINESE RENMINBI YUAN	CNY	6.627	0.1509	PAKISTANI RUPEE	PKR	105.371	0.0095
CUBAN PESO	CUP	26.5	0.0377	POLISH ZLOTY	PLN	3.644	0.2744
CYPRIOT POUND	EUR	0.859	1.1641	PORTUGAL	EUR	0.859	1.1641
CZECH KORUNA	CZK	22.022	0.0454	QATARI RIYAL	QAR	3.778	0.2647
DANISH KRONER	DKK	6.391	0.1565	RUSSIAN RUBLE	RUB	58.132	0.0172
EGYPTIAN POUND	EGP	17.657	0.0566	RWANDAN FRANC	RWF	853.242	0.0012
ETHIOPIAN BIRR	ETB	27.147	0.0368	SAUDI ARABIAN RIYAL	SAR	3.75	0.2667
EURO	EUR	0.859	1.1641	SINGAPORE DOLLAR	SGD	1.36	0.7353
FINLAND	EUR	0.859	1.1641	SPAIN	EUR	0.859	1.1641

CURRENCY	CODE	CROSS RATE	ZIMRA RATE	CURRENCY	CODE	CROSS RATE	ZIMRA RATE
FRANCE	EUR	0.859	1.1641	SOUTH AFRICAN RAND	ZAR	14.042	0.0712
GERMANY	EUR	0.859	1.1641	SOUTH KOREAN WON	KRW	1117.636	0.0009
GHANAIAI CEDI	GHC	4.408	0.2269	SUDANESE POUND	SDG	6.671	0.1499
GREECE	EUR	0.859	1.1641	SWAZI LILONGENI	SZL	14.042	0.0712
HONG KONG DOLLAR	HKD	7.801	0.1282	SWEDISH KRONER	SEK	8.356	0.1197
HUNGARIAN FORINT	HUF	267.181	0.0037	SWISS FRANC	CHF	0.996	1.004
INDIAN RUPEE	INR	64.74	0.0154	TAIWANESE DOLLAR	TWD	30.169	0.0331
INDONESIAN RUPIAH	IDR	13550.36	0.0001	TANZANIAN SHILLING	TZS	2243.789	0.0004
IRISH REPUBLIC	EUR	0.859	1.1641	THAI BAHT	THB	33.219	0.0301
ISRAELI SHEKEL	ILS	3.522	0.2839	TUNISIAN DINAR	TND	2.497	0.4005
ITALY	EUR	0.859	1.1641	TURKISH LIRA	TRY	3.773	0.265
JAPANESE YEN	JPY	113.038	0.0088	UAE DIRHAM	AED	3.673	0.2723
KENYAN SHILLING	KES	103.742	0.0096	UGANDAN SHILLING	UGX	3649.788	0.0003
KUWAIT DINAR	KWD	0.303	3.3003	UNITED STATES DOLLAR	USD	1	1
LESOTHO MALUTI	LSL	14.042	0.0712	WEST AFRICAN FRANC GUINEA BISSAU	XOF	563.311	0.0018
MACAU PATACA	MOP	8.035	0.1245	ZAMBIAN KWACHA	ZMW	10.008	0.0999

The ZIMRA rate of interest on overdue amounts is 10% per anum with effect from 1 January 2010.

QUESTION TWO

a) Your client is in the business of importing steel sections and melamine boards for manufacturing office furniture for export. He operates from a big complex with several industrial buildings. Besides importing steel sections and boards he also imports other goods for his business such as machinery and other consumables. He also produces other products for Zimbabwe consumption. You have approached the client with a view to save him on cash flows and also claim back some of the duties that he is paying to Zimra on the following areas:

- i. **Calculate drawback of duty on 200 office desks exported by client. Each office desk consumes 8 metres of steel sections and 2 metres of melamine board.**

Bill of entry C 1234 has following details:

Goods: steel sections. 20 bundles. Each bundle has 10 lengths which are 6m long.

VDP for consignment \$8769.00

Customs duty rate : 25%

VAT rate: 15%

Surtax paid: zero

Clearance fee: \$10

Bill of entry C 5234 has following details:

Goods: melamine boards. 200 units. Each unit is 6m long.

VDP for consignment \$3548.00

Customs duty rate : 40%

VAT rate: 15%

Surtax paid: zero

Clearance fee: \$10

Client will not be able to claim VAT as he claims it as imput tax. He may only claim Customs duty.

(12 marks)

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- ii. Client imports new plastic chairs. When he gets a client in Zambia or Malawi he exports to those countries those new chairs. Write your client the procedure that he may follow to claim back his duty on export of the new chairs. (8 marks)
- iii. Write short notes on how your client can utilize the Inward processing rebate. Advise him on the requirements to set up factory and the procedure on how to deal with import of raw materials and the finished products. (10 marks)

{Total 30 marks}

QUESTION THREE

- a) Calculate the deposit to be paid to ZIMRA on a 10 year old double cab truck of subheading 8704.2130 imported by a Car Sales company for resale. The company does not have a valid tax clearance at time of importation. The VDP for the vehicle is USD 3987.00. (8 marks)
- b) Give reasons why ZIMRA issues a form 45. Also explain the procedure to be followed by a clearing agent and ZIMRA from time of issue of F45 up to assessment stage where a form 45 which was issued resulted in prejudice to revenue. (6marks)
- c) Briefly explain with examples the following in the Customs Tariff:
- i. An alternative rate of duty.
 - ii. Combination rate of duty.
 - iii. Ad valorem rate of duty. (6 marks)
- d) Briefly explain the operations of a one-stop-border. (5 marks)
- e) Briefly explain what you understand by “Parts of general use” in the Customs Tariff. (5 marks)

{Total 30 marks}

QUESTION FOUR

- a) Explain four different ways an importer of goods may use to pay for a consignment purchased from South Africa. (8 marks)
- b) List five authorities who exercise controls and name the control document they issue. (5 marks)
- c) Briefly explain 5 reasons why Zimra carries out physical examinations on imports. (5 marks)
- d) A husband and wife entered the country through Beitbridge Border post. The husband is resident in Zimbabwe. Wife is a resident of South Africa who was recently married and is moving to stay permanently with the husband in Zimbabwe. Identify the rebates that will be applied to the goods imported by the family. Indicate the value of the rebated goods and value of any goods that have to pay duty. Quote the relevant legislation that covers each rebate identified. Goods imported are:
- i. Electric stove plus kitchen utensils for wife USD 1580 (2 marks)
 - ii. Dining room set – a wedding present from wife’s father USD 380 (2 marks)
 - iii. Various groceries and household tools USD 520. (4 marks)
 - iv. Husband has goods for donation to Chegutu council valued at USD 12500.00. The goods consist of road compaction testing equipment. (2 marks)
 - v. Wife is driving her South African registered car which she intends to use permanently in Zimbabwe. She bought the car from a Zimbabwean. She has the permanent export papers for the car. (2 marks)

{Total 30 marks}