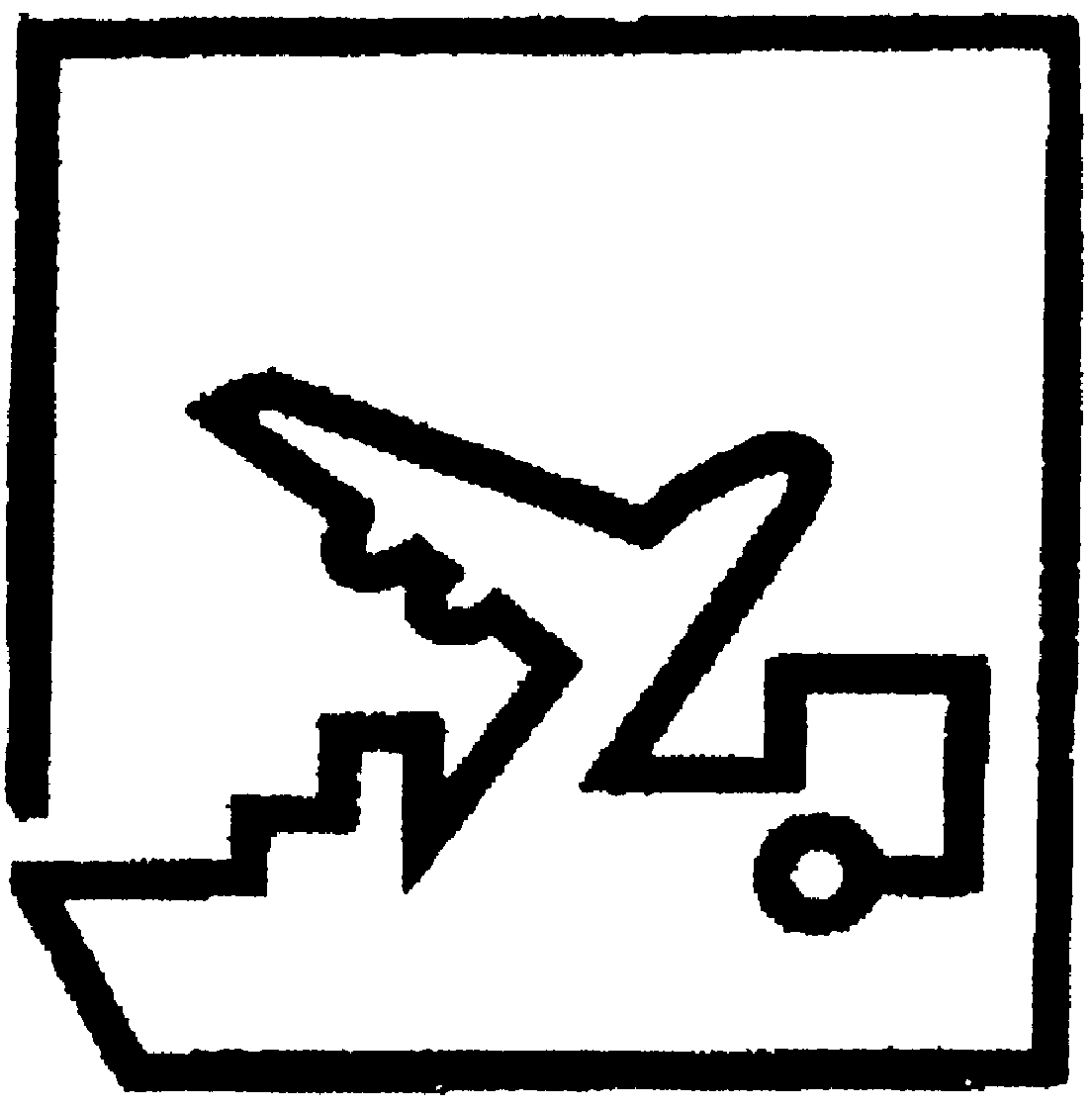
DATE ………………………….......... STUDENT NO.…………..……………….........….

EXAMINATION CENTRE …………………………………………………...……………………..….

THE SHIPPING AND FORWADING AGENTS’ ASSOCIATION OF ZIMBABWE (SFAAZ)



## CUSTOMS LEGISLATION AND PROCEDURES DIPLOMA COURSE

**FINAL EXAMINATION**

**PAPER TWO**

# GENERAL PAPER

**30 MAY 2019**

**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.

**May 2019 CLP Diploma Final / P2**

**QUESTION ONE- Compulsory**

1. The attached Invoice, Rail Advise Note and Rates of Exchange are for a shipment imported by rail transport.
2. Note: Beira Port charges of USD $350.00 were incurred.
3. Rail note charges from Mozambique are in United States dollars.
4. VDP should be given in RTGS dollars.

**You are required to calculate the VDPs for the two items on the invoice using a worksheet. Please show all your calculations on the worksheet. (25 marks)**



1. It is important to calculate the correct FOB value of imported goods.

Explain three major reasons why you need a correct FOB value. **(6 marks)**

1. Explain how you determine the FOB point for goods imported using multimodal sea and road transport. **(4 marks)**
2. How do you treat “ buying commission” and “Bereau Veritas inspection fees” in the calculation of VDP? **(5 marks)**

**{Total 40 marks}**

**MAY 2019 CLP Diploma Final / P2**

QUESTION TWO

1. A company based in South Africa intends to exhibit at the Midlands agricultural show in Gweru in August. They are in the business of selling poultry automatic drinking troughs. Describe the various methods that can be used to clear the goods on import. **[6 marks ]**
2. A physical examination of your client’s container is carried out at Manica Container depot. The ZIMRA officers find some undeclared goods valued at US $500. Only 300 tyres out of declared 400 tyres are found. A drum of paint tilted and spilled half of its contents. The driver can not establish the point of spillage. He blames pot holes in the Zimbabwean customs yard. A wrong Tariff was used which points to a lower rate of duty. What action would ZIMRA and yourself take to regularize the importation of this consignment. **[9 marks]**

b) Give four examples of man-made fibres as defined in the Customs Tariff.

**[4 marks]**

1. Your client wants to establish a bonded warehouse for imported cars which he intends to sell locally and in the region. Advise him of what structure he should put up and ZIMRA requirements for registration of that Bonded Warehouse. **[ 7 marks]**

e) State the four types of punitive measures provided by the Customs and Excise Act for

offenders? **[4 marks]**

**{Total 30 marks}**

**MAY 2019 CLP Diploma Final / P2**

QUESTION THREE

1. Explain with examples the incoterms 2010, “CFR” and “DDP” [8 marks]
2. Zimra has introduced electronic seals and gazette designated routes to be followed by transiting trucks.
3. Explain how the system works. (5 marks)
4. What are the penalties for tampering with the electronic seal and not following designated routes? ( 3 marks)
5. Describe any other two methods that Zimra uses/ could use to combat transit fraud. (4 marks)
6. Describe the procedure followed by Zimra and a clearing Agent in registering a bill of entry to the time of getting a release order. Assume the declaration is correct in all respects but the entry need documentary check by Zimra. (10 marks)



**{Total 30 marks}**

**QUESTION FOUR**

1. Outline the procedure laid down for the clearance of –
2. Goods destroyed or lost in a Bonded Warehouse and
3. Goods unaccounted for in a Bonded Warehouse (6 marks)
4. Explain why you would recommend / not recommend Customs legislation and procedures course (CLP) to a Clearing Agent who has been in the field for several years and to a new entrant in the field. ( 5 marks)

**MAY 2019 CLP Diploma Final / P2**

1. The minister of Finance announces a reduction of duty on some Tariffs and an increase on others. Your clients has goods in a bonded Warehouse, some goods in South Africa which are still to be imported and a small consignment on Receipt For Items Held (R.I.H) awaiting payment of duty. Explain to your client what rates of Customs duty will be applied at time of clearance if his goods are affected by the Tariff announcements.

[6 marks]

1. Show your detailed calculations for drawback of duty to be claimed using the details below.

Manufacturer – Bush pump manufactures

Product – Bush lift water pumps

To manufacture one pump, the following quantities of imported raw materials are required:-

Steel piping 60 mm diameter – 7 metre

Steel piping 40 mm diameter - 12.4 metres

Steel rod 12 mm diameter - 23 metres

Import documents for the 60 mm steel piping show a VDP of $28 174.00 for 60 bundles of 6 metre length pipes. Each bundle has 20 pipes. Customs duty was paid at 15% and reflected as $4,226.10.

Import documents for the 40 mm steel piping show a VDP of $24 868.00 for 40 bundles of 6 metre length pipes. Each bundle has 20 pipes. Customs duty was paid at 5% and reflected as $1,243.40.

Import documents for the 12 mm steel rods show a VDP of $18 174.00 for 20 bundles of 6 metre length rods. Each bundle has 50 rods. Customs duty was paid at 20% and reflected as $3,634.80.

The importer has already claimed the VAT paid on the bill of entry as input tax so he cannot claim drawback on VAT paid on this entry.

Calculate the drawback to be claimed on an export of 150 bush pumps.

(13 marks)

**{Total 30 marks}**