

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

1 JUNE 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.

PART A

QUESTION 1- COMPULSORY

a) A huge piece of machinery was sold to a Zimbabwean company by a German manufacturer. Harare international Airport did not have handling equipment to offload the consignment. It was then decided to airfreight the equipment to South Africa and then move it by road to Harare. The invoice below is from the German manufacturer to company in Harare. The following information has been extracted from the invoice:

Cost of goods	EUR	8200
Less 5% discount	EUR	410
Sub-total		7790
German export permits	EUR	200
Packing	EUR	600
Export documentation	EUR	250
Bureau Veritus pre-inspection fees	USD	280
Airport charges	EUR	320
Airfreight to JHB	EUR	2200
Oliver Tambo (JHB Airport) handling charges	ZAR	10200
Road Transport (Jhb - Beitbridge)	ZAR	12200
Road Transport (Beitbridge - Harare)	ZAR	10800
Goods not insured		

Required:

- i. What is the FOB point for this consignment? (2 marks)
- ii. Name the type of discount shown above. How do you treat the discount in calculating FOB value and VDP? (3 marks)
- iii. A fellow student advises you to calculate 15% of FOB value as the dutiable freight for the Germany to Johannesburg portion. Comment on this advice giving the correct treatment of the airfreight charges in calculation of VDP. (3 marks)

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- iv. How do we treat insurance in the calculation of VDP for the Germany to Johannesburg route and Johannesburg to Beitbridge route. (3 marks)
- v. Identify charges that are not dutiable (if any). (3marks)
- vi. At what point is duty payable (1 mark)
- vii. Suggest two possible incoterms if the above information was on one invoice. (2 marks)

b) Study the attached documents for the clearance of a consignment imported by rail. Documents attached are:

- Bill of lading
- Commercial invoice,
- Rail advise note and
- ZIMRA rates of exchange.

Using a worksheet, calculate the VDPs for the items on the invoice. (20 marks)

c) Calculate the export value of the following consignment.

Cost	US\$1800	
Packaging	US\$200	
Export permits	US\$20	
Freight (Air)	US\$600	(3 marks)

{Total 40 marks}



MEDITERRANEAN SHIPPING COMPANY S.A.

12-14, chemin Rieu - CH -1208 GENEVA, Switzerland
 website: www.msc.com SCAC Code: MSCU

BILL OF LADING No. MSCUQ8604335
ORIGINAL

"Port-To-Port" or "Combined Transport"(see Clause 1)

NO. & SEQUENCE OF ORIGINAL B/L's: **1 Of Three**
 NO. OF RIDER PAGES: **0 Zero**

SHIPPER:
 RAS GLOBAL LLC
 1050 E PIEDMONT RD, SUITE 108, MARIETTA,
 GEORGIA 30062, USA

CARRIER'S AGENTS ENDORSEMENTS: (Include Agent(s) at POD)
 SHIPPER'S LOAD, COUNT AND SEALED. Carrier has no liability or responsibility whatsoever for thermal loss or damage to the goods by reason of natural variations in atmospheric temperatures during the winter period, and / or caused by inadequate packing of the Goods for carriage in dry-van containers, and / or inherent vice of the Goods, in such temperatures.
 FCL/FCL
 Lloyds/IMO Number: 9305702

CONSIGNEE: This B/L is not negotiable unless marked "To Order" or "To Order of ..." here.
 WEKS (PVT) LTD
 10 KELVIN ROAD SOUTH, GRANITESIDE,
 HARARE, ZIMBABWE
 TEL: 00263-4- 810874
 FAX: 00263-4- 810574

NOTIFY PARTIES: (No responsibility shall attach to Carrier or to his Agent for failure to notify - see Clause 20)
 WEKS (PVT) LTD
 10 KELVIN ROAD SOUTH, GRANITESIDE,
 HARARE, ZIMBABWE
 TEL: 00263-4- 810874
 FAX: 00263-4- 810574

PORT OF DISCHARGE AGENT:
 MSC Mozambique MSC HOUSE
 Avenida Poder Popular 152
 P.O. BOX 2105
 Beira
 Phone : +258 23 329 261
 Fax : +258 23 329 202



VESSEL AND VOYAGE NO (see Clause 8 & 9) MSC MADELEINE - FY650A	PORT OF LOADING Ningbo	PLACE OF RECEIPT: (Combined Transport ONLY - see Clause 1 & 5.2) XXXXXXXXXXXXXXXXXX
BOOKING REF. (or) SHIPPER'S REF. 177DNKNKN18301A	PORT OF DISCHARGE Beira, Mozambique	PLACE OF DELIVERY : (Combined Transport ONLY - see Clause 1 & 5.2) Harare, Zimbabwe - Container Yard

PARTICULARS FURNISHED BY THE SHIPPER - NOT CHECKED BY CARRIER - CARRIER NOT RESPONSIBLE (see Clause 14)

Container Numbers, Seal Numbers and Marks	Description of Packages and Goods (Continued on attached Bill of Lading Rider pages(s), if applicable)	Gross Cargo Weight	Measurement
CXDU1397505 20' DRY VAN Seal Number: FEX9789346 Tare Weight: 2,250 kgs. Marks and Numbers: N/M	361 Package(s) of PRESS STUDS PRESS STUD MACHINE SEWING THREAD CY-CY Total Items: 361 Freight Prepaid	7,836.500 kgs.	21.650 cu. m.
Total :		7,836.500 kgs.	21.650 cu. m.

FREIGHT & CHARGE: Cargo shall not be delivered unless Freight & Charges are paid(see Clause 16)

FREIGHT & CHARGES	BASIS	RATE	PREPAID	COLLECT

RECEIVED by the Carrier in apparent good order and condition (unless otherwise stated herein) the total number or quantity of Containers or other packages or units indicated in the box entitled Carrier's Receipt for carriage subject to all the terms and conditions hereof from the Place of Receipt or Port of Loading to the Port of Discharge or Place of Delivery, whichever is applicable. IN ACCEPTING THIS BILL OF LADING THE MERCHANT EXPRESSLY ACCEPTS AND AGREES TO ALL THE TERMS AND CONDITIONS, WHETHER PRINTED, STAMPED OR OTHERWISE INCORPORATED ON THIS SIDE AND ON THE REVERSE SIDE OF THIS BILL OF LADING AND THE TERMS AND CONDITIONS OF THE CARRIER'S APPLICABLE TARIFF AS IF THEY WERE ALL SIGNED BY THE MERCHANT.

If this is a negotiable (To Order / of) Bill of Lading, one original Bill of Lading, duly endorsed must be surrendered by the Merchant to the Carrier (together with outstanding Freight and charges) in exchange for the Goods or a Delivery Order. If this is a non-negotiable (straight) Bill of Lading, the Carrier shall deliver the Goods or issue a Delivery Order (after payment of outstanding Freight and charges) against the surrender of one original Bill of Lading or in accordance with the national law at the Port of Discharge or Place of Delivery whichever is applicable.

IN WITNESS WHEREOF the Carrier or their Agent has signed the number of Bills of Lading stated at the top, all of this tenor and date, and wherever one original Bill of Lading has been surrendered all other Bills of Lading shall be void.

中国宁波外轮代理有限公司
China Ocean Shipping Agency, Ningbo

DECLARED VALUE (Only applicable if Ad Valorem charges paid - see Clause 7.3) XXXXXXXXXXXXXXXXXX	CARRIER'S RECEIPT (No. of Cntrs or Pkgs rcvd by Carrier - see Clause 14.1) 1 cntr
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SIGNED on behalf of the Carrier MSC Mediterranean Shipping Company S.A.
 by As Agent
General Manager

Gansu Drilling (Pvt) Ltd

17 Zhejiang Canal Road
Zhejiang Province

Republic Of China

Tel: 0086 2 348 471

INVOICE

DATE	16/04/2017
INVOICE #	123

BILL TO

WEKS (Pvt) Ltd
10 Kelvin Road South, Ganiteside
Harare
Zimbabwe

DESCRIPTION	Qty	AMOUNT
Clothing press studs	361000	6,500.00
Press stud machines	3	2,700.00
100% cotton sewing thread	300	847.00
Sub-total		10,047.00
Less trade discount 5%		502.35
Total		9,544.65
Freight		4,700.00
Insurance		275.00
TERMS: CIP HARARE		

Subtotal	14,519.65
Taxable	-
Tax rate	
Tax due	-
Other	-
TOTAL	\$ 14,519.65

ALL INVOICE AMOUNTS ARE UNITED STATES
DOLLARS

ZIMRA RATES OF EXCHANGE FOR CUSTOMS PURPOSES FOR THE PERIOD 31 MAY 2017 TO 6 JUNE 2017
BASE CURRENCY - AMERICAN DOLLAR

CURRENCY	CODE	CROSS RATE	ZIMRA RATE	CURRENCY	CODE	CROSS RATE	ZIMRA RATE
ANGOLA KWANZA	AOA	165.911	0.006	MALAWIAN KWACHA	MWK	726.68	0.0014
ARGENTINE PESO	ARS	15.385	0.065	MALAYSIAN RINGGIT	MYR	4.328	0.2311
AUSTRALIAN DOLLAR	AUD	1.331	0.7513	MAURITIAN RUPEE	MUR	34.978	0.0286
AUSTRIA	EUR	0.916	1.0917	MOROCCAN DIRHAM	MAD	9.915	0.1009
BAHRAINI DINAR	BHD	0.377	2.6525	MOZAMBICAN METICAL	MZM	64.733	0.0154
BELGIUM	EUR	0.916	1.0917	NAMIBIAN DOLLAR	NAD	13.248	0.0755
BOTSWANA PULA	BWP	10.436	0.0958	NETHERLANDS	EUR	0.916	1.0917
BRAZILIAN REAL	BRL	3.184	0.3141	NEW ZEALAND DOLLAR	NZD	1.447	0.6911
BRITISH POUND	GBP	0.774	1.292	NIGERIAN NAIRA	NGN	309.824	0.0032
BURUNDIAN FRANC	BIF	1719.61	0.0006	NORTH KOREAN WON	KPW	129.909	0.0077
CANADIAN DOLLAR	CAD	1.37	0.7299	NORWEGIAN KRONER	NOK	8.6	0.1163
CHINESE RENMINBI YUAN	CNY	6.895	0.145	PAKISTANI RUPEE	PKR	104.796	0.0095
CUBAN PESO	CUP	26.5	0.0377	POLISH ZLOTY	PLN	3.859	0.2591
CYPRIT POUND	EUR	0.916	1.0917	PORTUGAL	EUR	0.916	1.0917
CZECH KORUNA	CZK	24.657	0.0406	QATARI RIYAL	QAR	3.641	0.2746
DANISH KRONER	DKK	6.819	0.1466	RUSSIAN RUBLE	RUB	57.074	0.0175
EGYPTIAN POUND	EGP	18.102	0.0552	RWANDAN FRANC	RWF	825.158	0.0012
ETHIOPIAN BIRR	ETB	22.974	0.0435	SAUDI ARABIAN RIYAL	SAR	3.75	0.2667
EURO	EUR	0.916	1.0917	SINGAPORE DOLLAR	SGD	1.395	0.7168
FINLAND	EUR	0.916	1.0917	SPAIN	EUR	0.916	1.0917
FRANCE	EUR	0.916	1.0917	SOUTH AFRICAN RAND	ZAR	13.248	0.0755
GERMANY	EUR	0.916	1.0917	SOUTH KOREAN WON	KRW	1129.113	0.0009
GHANAIAI CEDI	GHC	4.197	0.2383	SUDANESE POUND	SDG	6.687	0.1495
GREECE	EUR	0.916	1.0917	SWAZI LILONGENI	SZL	13.248	0.0755
HONG KONG DOLLAR	HKD	7.781	0.1285	SWEDISH KRONER	SEK	8.83	0.1133
HUNGARIAN FORINT	HUF	286.19	0.0035	SWISS FRANC	CHF	0.994	1.006
INDIAN RUPEE	INR	64.227	0.0156	TAIWANESE DOLLAR	TWD	30.053	0.0333
INDONESIAN RUPIAH	IDR	13312.859	0.0001	TANZANIAN SHILLING	TZS	2233.973	0.0004
IRISH REPUBLIC	EUR	0.916	1.0917	THAI BAHT	THB	34.52	0.029
ISRAELI SHEKEL	ILS	3.61	0.277	TUNISIAN DINAR	TND	2.431	0.4114
ITALY	EUR	0.916	1.0917	TURKISH LIRA	TRY	3.543	0.2822
JAPANESE YEN	JPY	112.231	0.0089	UAE DIRHAM	AED	3.672	0.2723
KENYAN SHILLING	KES	103.066	0.0097	UGANDAN SHILLING	UGX	3644.343	0.0003
KUWAIT DINAR	KWD	0.304	3.2895	UNITED STATES DOLLAR	USD	1	1
LESOTHO MALUTI	LSL	13.248	0.0755	WEST AFRICAN FRANC GUINEA BISSAU	XOF	601.443	0.0017
MACAU PATACA	MOP	8.014	0.1248	ZAMBIAN KWACHA	ZMW	9.334	0.1071

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

PART B

QUESTION 2

a) EXPORTATION OF GOODS

Mr Phiri, a resident going out on a two week private and business visit to South Africa, reported at Beitbridge with the following items:

- Sony Video Camera S/N # 1234A
- Stitching machine for his company – taking for repairs in RSA. S/N # 15MST15. Value \$2500.
- Cash US\$800, EUR400, R6000
- 2 crocodile skins
- 20g gold nugget – for finding gold buyers in RSA. He is not a registered miner.
- Rape seed – samples for taking orders

A search of his Zimbabwe registered car revealed a live python in a home made secret compartment under the driver's seat.

USD \$2000 cash was also discovered inside the door panels of his car.

- i. Identify any controlled goods and the relevant authority responsible for the control.
- ii. Is there any violation of the law by Mr Phiri? If so, explain the violation, using the Customs Act and other relevant legislation.
- iii. How will ZIMRA deal with the violation?

Use the attached ZIMRA rates for any of your calculations. (15 marks)

b) Goods are found to be unusable due to faulty manufacture, well after duty has been paid. If the importer wishes to claim back duty that he paid he may use 3 possible ways. Identify and briefly the 3 different ways. (9 marks)

c) Name and explain the two types of drawback available in Zimbabwe. (6 marks)

{Total 30 marks}

QUESTION 3

- a) After importation, goods may remain unentered within the stipulated 10 days. Give any 3 reasons that may lead to such a scenario. (3 marks)
- b) Name any two documents that are used in the receipt and movement of goods in a Bonded Warehouse. Explain the purpose of each. (4 marks)
- c) List the four options available to the importer whose goods have been in a bonded warehouse for 23 months with no hope of finding a customer in the next few months. (4 marks)
- d) Goods entered for Inward processing (IPR) may be moved to another IPR or to a non-IPR operator. Identify and explain the two different forms that may be used to move these goods. (4 marks)
- e) A family of three entered the country through Beitbridge Border post, father, son and daughter. Father is resident in Zimbabwe. Son has completed his four year study in South Africa and is now coming back to take up employment in Zimbabwe. Father is a church pastor who is importing donated goods for his church that include bibles, alters and hymn books. Daughter is still a university student in South Africa and will be going back with some of her items.

Briefly explain the rebates that will be applied to any of the goods imported by the family. Assume they are all importing goods. You should cover:

- i. father and his church goods
- ii. son with his car and household goods
- iii. daughter with consumables and goods she will take back. (15 marks)

{Total 30 marks}

QUESTION 4

- a) Explain two reasons why it is necessary to determine origin of goods on importation. (4 marks)
- b) Explain the ‘direct consignment’ rule and “the documentation rule” in considering origin. (6 marks)
- c) ZIMRA often calls for physical examination of goods. State five reasons why ZIMRA calls for such examinations. (5 marks)
- d) 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. (6 marks)
- e) Explain, in brief, how the pre-clearance system works. (4 marks)
- f) Briefly explain the operation of a one-stop-border post. (5 marks)

{Total 30 marks}