

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**

**31 MAY 2018**

**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.

**NOV/MAY 2018 CLP Diploma Final / P2**

**QUESTION ONE- Compulsory**

- a) The attached Invoice, ~~freight statemente, Bill of Lading, Rail Advise Note and and~~ Rates of Exchange are for a shipment imported by ~~road~~ transport.

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

**MSC** **MEDITERRANEAN SHIPPING COMPANY S.A.**  
 12-14, chemin Rieu - CH -1208 GENEVA, Switzerland  
 website: www.msccgva.ch SCAC Code: MSCU

**BILL OF LADING No. MSCUU0653432**  
**ORIGINAL**

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

SHIPPER: ZHEJIANG DAMING TRADE CO. LIMITED  
 APT 325, ENTR 1, BLDG 1, JIAHE SQUARE, YWU, ZHEJIANG, CHINA

CONSIGNEE: This B/L is not negotiable unless marked "To Order" or "To Order of ..." here.  
 INVESTMENT P/L WILLOWVALE HARARE ZIMBABWE CONTACT PERSONSAL TEL: 0026377222

NOTIFY PARTIES: (No responsibility shall attach to Carrier or to his Agent for failure to notify - see Clause 20)  
 INVESTMENT P/L WILLOWVALE HARARE ZIMBABWE CONTACT PERSONSAL TEL: 0026377222

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  
 I Loyal/IMO Number: 8768243  
 SHIPPER DECLARES THAT ANY APPLICABLE WOOD PACKAGING MATERIALS COMPLY WITH ISPM 15 REGULATIONS - FAILURE TO COMPLY WILL RESULT IN CONTAINERS BEING RETURNED TO LOAD PORT OR CARGO DESTROYED - ALL COSTS/PENALTIES WILL BE FOR SHIPPERS ACCOUNTS

PORT OF DISCHARGE AGENT:  
 MSC (PTY) LTD, MSC HOUSE 54, WINDER STREET  
 P.O. BOX 10067  
 Durban, 4001  
 Phone: +27 31 360 7911  
 Fax: +27 31 332 9297

VESSEL AND VOYAGE NO (see Clause 8 & 9): ADRIAN SCHULTE - F1501A  
 PORT OF LOADING: Ningbo  
 PLACE OF RECEIPT: (Combined Transport ONLY - see Clause 1 & 5.2) XXXXXXXXXXXXXXXX

BOOKING REF. (or) SHIPPER'S REF.: 177DBABA  
 PORT OF DISCHARGE: Durban, South Africa  
 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
INKU2578276 40' HIGH CUBE Seal Number: FE6749320 Tare Weight: 3,922 kgs. Marks and Numbers: N/M	220 Package(s) of HDX 288 INJECTION MACHINE CHILLER HIGH PRESSURE COMPRESSOR BLOW MOLDING MOULD CY TO FO  name account: Ningbo Zenith International Forwarding Co., LTD. Total Items: 220  Freight Prepaid	17,000.000 kgs.	68.000 cu. m.
<b>Total:</b>		<b>17,000.000 kgs.</b>	<b>68.000 cu. m.</b>

**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 / or) 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.

China Ocean Shipping Agency, Ningbo

DECLARED VALUE (Only applicable if Ad Valorem charges paid - see Clause 7.3): XXXXXXXXXXXXXXXX

CARRIER'S RECEIPT (No. of Cntrs or Pkgs rcvd by Carrier - see Clause 14.1): 1 cntnr

PLACE AND DATE OF ISSUE: Ningbo, China

SHIPPED ON BOARD DATE: 2013/07/26

SIGNED on behalf of the Carrier MSC Mediterranean Shipping Company S.A. by As Agent: General Manager

**NATIONAL RAILWAYS OF ZIMBABWE**  
CONTAINER RAIL ADVICE/INVOICE FOR UNIT TRAINS

FOR RAILWAY USE ONLY

CODE No  
RZ-20-8394

Day Month RECEIVED PRO. NUMBER  
25 05 025089

1500272

NAME AND FULL ADDRESS OF SENDER:

nise 109

SUPPLIER'S INVOICE REF.

STATION FROM

STATS No.

EX: 10.5

PUBLIC SIDING

Pub. Sdg./Route No.

Container Loaded on  
Wagon Number: 2302439  
Date of loading: 20/05/18

SOURCE DOCUMENT NUMBER

N81 N48 PC19B

STATION TO

WACAN

STATS No.

NAME AND FULL ADDRESS OF CONSIGNEE

Medias 2

FOR

CO-NAAP

PUBLIC SIDING

Pub. Sdg./Route No.

Container Size and Number	DESCRIPTION OF GOODS (State type of Packaging and Marks and Numbers on Goods)	Weight In Kilograms	Weight By Class	Class/Rate	CHARGES PAID BY SENDER	CHARGES TO PAY	C	NC
40' INK 2576276		20922	20922	RA3514500				
				RA22096609				
		TOT WEIGHT 20922		Account Number				
← TOTALS →		20922			561109			

R 35145-00

LOCHINVAR CONTAINER TERMINAL RELEASE  
AUTHORISED BY: [Signature]  
DATE: 26.05.2018

**ADVICE NOTE**

No. \_\_\_\_\_ Date \_\_\_\_\_  
The above-mentioned container has been consigned to you. On arrival please order its removal as soon as possible. If it is not removed within the period allowed in the current edition of the OFFICIAL RAILWAY TARIFF Books it will be held by the Railways not as carriers, but as warehousemen at owner's risk. In accordance with the conditions and regulations set forth therein. If not removed within the period specified, storage and ancillary charges will be raised at the rates laid down.

REPEATED

FOR CUSTOMS USE ONLY

DATE STAMP

NAME OF OFFICER

SIGNATURE

Signature \_\_\_\_\_ Date \_\_\_\_\_  
RZ  
LOCHINVAR CONTAINER TERMINAL  
ACCOUNTS SECTION  
LDCON

出口专用

浙江大明贸易有限公司  
ZHEJIANG DAMING TRADE CO.,LIMITED  
发 票  
INVOICE

To: INVESTMENTS P/L  
WILLOWVALE  
HARARE, ZIMBABWE  
Mobil: +263-772 22

发 票 号 码  
Invoice Number: DM-695317  
售 货 确 认 书 号 数  
Sales Confirmation No: \_\_\_\_\_  
日 期  
Date: 2018-04-22

装船口岸  
From: NINGBO CHINA  
信用证号数  
Letter of Credit No.

目的地  
To: HARARE, ZIMBABWE  
开户银行  
Port of Discharge : Durban RSA

唛号 Marks & Nos.	品名 Description	数量 QTY	单价 Unit Price	总值 Amount
N/M	HDX288 Plastic Injection Machine	1	21,000.00	21,000.00
	Injecton Machine Parts	4		3,205.50
	Hydraulic jacks	10	1,650.00	16,500.00
	<b>Total:</b>			<b>40,705.50</b>
	Discount 10%			4,070.55
				36,634.95
	Sea Freight			1,800.00
	<b>Total Payable</b>			<b>38,434.95</b>

Say United States dollars Thirty eight thousand four hundred and thirty four dollars and ninety five cents

Terms: CFR Durban (Incoterms 2010)

浙江大明贸易有限公司  
Authorized Signature(s)

ZIMRA RATES OF EXCHANGE FOR CUSTOMS PURPOSES FOR THE PERIOD 20 May 2018 to 5 June 2018

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	MOZAMBIKAN 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
GHANAIAAN 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

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	±	±
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.

b) An importer fails to pay duty on an imported item. The goods are sold by ZIMRA at a Customs rummage sale. ZIMRA, the transporter, transit shed operator and the importer are all interested in getting a share of the proceeds. Explain how the proceeds should be shared. Support your answer with legislation. How is freight and insurance calculated for a commercial consignment imported by post?

Act 39(5).

(64 marks)

For goods imported by road you may use deemed freight calculated as 5% of FOB value for goods transported from South Africa or Zambia if the importer uses his own transport. What are the other three circumstances that an importer is authorized by the customs act to use deemed freight for a road import from South Africa or Zambia.

(3 marks)

d)b) An importer has given you an invoice and a freight statement from a commercial road carrier for goods imported on a commercial carrier by road transport. The consignment consists of 300 laptop computers. The goods are not insured. The company that supplied the computers has given the driver a carton of donated shirts to be delivered to a charitable organization in Zimbabwe. The importer does not have an invoice for the donated goods but just a letter of donation. 100 caps inscribed "HP laptops for the future generations". These are to be used as free giveaways to people who will purchase laptops. A friend in the clearing field advises you to calculate 5% of FOB then compare it with the freight on the freight statement. He also advises you to ignore insurance since the goods are not insured. Describe how VDP for the imported goods should be calculated. Support your answer with legislation. you would value the caps given that the driver does not have a commercial invoice for the caps.

(76 marks)

TV1 will not apply as there is no price paid or payable. Use identical, similar or fallback methods. For identical and similar you look at importations of identical or similar goods made in the last 3 months.

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c) Explain why it is legal for ZIMRA to reject your declared value and use their own value on an imported vehicle?

**(3 marks)**

d) How are private goods valued on import. Support with legislation (3 marks)

FOB value – Act 117

**{Total 40 marks}**

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**QUESTION TWO**

The Minister of Finance recently announced the 2019 National budget proposals. In his budget speech he proposed several changes that affect the Customs environment. Some of the proposals covered:

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- i. Duty payment in foreign currency
- ii. Transit cargo
- iii. Pre-clearance
- iv. Review of excise duty
- v. Ringfencing some imports.

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Explain, with examples of affected goods where applicable, the above proposals in your own words. Your explanation should identify in each case the legislation that will be amended to effect these changes.

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**{Total 30 marks}**

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a. State two conditions that must be satisfied for each of the following to be acceptable to ZIMRA:

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- i. Same state Drawback
- ii. Industrial Drawback **(4 marks)**

b. i. Explain the difference between the Regulations procedure and the Alternative procedure for claiming drawback. **(5 marks)**

ii. What document is used for claiming a drawback? **(1 mark)**

c. The following formula was approved by ZIMRA for the manufacture of a cigarette stick by Company A:

<b>Tipping paper</b>	<b>4cm</b>
<b>Cigarette paper</b>	<b>10cm</b>
<b>Filter</b>	<b>25mm</b>
<b>Cigarette tobacco</b>	<b>0.7g</b>
<b>Adhesive</b>	<b>0.13kg per 10000 sticks</b>

The following goods were imported and customs duty paid on them as shown in the brackets:

- 20 reels of 3000m Tipping paper (\$820),
- 30 reels of 6000m Cigarette paper (\$1200),
- 500000 by 100mm Filters (\$680),
- 10 x 25kg drums Adhesives (\$4000)

Using the above information, calculate how much customs duty drawback Company A may claim from ZIMRA after exporting 100 cartons of 10000 cigarette sticks. \_\_\_\_\_ (20 marks)

{Total 30 marks}

### QUESTION THREE

#### QUESTION THREE

a) Explain with examples and with reference to the Customs Act the following offences:

- i. Smuggling
- ii. False declaration
- iii. Importation of prohibited goods
- iv. A Vehicle with a false compartment designed for smuggling even if vehicle has not been used for smuggling. \_\_\_\_\_ (12 marks)

c) Describe the requirements by ZIMRA to approve registration of new Clearing Agent.

(3 marks)

- i. IPR3
- ii. IPR4 \_\_\_\_\_ (4 marks)

b) State three instances in which ZIMRA may request IPR operator to clear goods for consumption even if they are still within the stipulated 12 months of importation.

\_\_\_\_\_ (3 marks)

c)–Describe the requirements by ZIMRA to approve registration of new Clearing Agent.

**(3 marks)**

b)

**(3 marks)**

c) What else would you recommend a Clearing Agent to have in his office besides the ZIMRA requirements above. (3 marks)

d) Explain Immigrants’ rebate as it relates to a student who has been studying in South Africa. The student intends to import a car, personal clothing and alcohols for his graduating party. (7 marks)

e) An importer fails to pay duty on an imported item. The goods are sold by ZIMRA at a Customs rummage sale. ZIMRA, the transporter, transit shed operator and the importer are all interested in getting a share of the proceeds. Explain how the proceeds should be shared. Support your answer with legislation. Act 39(5).

**(5 marks)**

d)-

You may use the example of a consignment that is moved by road from a factory situated at complex 7, number 34 Hitler avenue in Berlin, Germany to the German sea port of Bremerhaven. At Bremerhaven port charges are incurred in loading the goods to a ship. A barge is used to ferry the goods from the land to the deep sea where the ship is anchored. The goods are shipped to Durban in South Africa. From Durban they are moved by rail to Manica container depot in Harare. Goods are picked from Manica after clearance for home consumption to their final destination at number 32, Kelvin road, Graniteside, Harare by road transport.

A buyer and seller may use any of the incoterms under incoterms 2010. In the table below:

- i. Incoterm — write the 3 Alpha characters that identify the incoterm
- ii. Point — the place relating to the incoterm
- iii. Point of delivery — the point where risk for loss of or damage to goods passes from seller to buyer.

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iv. ~~Apportionment of costs—state the points where seller pays for transport and the points where buyer is responsible for transport costs under that incoterm. Also include responsibility for insurance.~~

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~~Table 1~~

<del>Incoterm</del>	<del>Point</del>	<del>Point of delivery</del>	<del>Apportionment for transport costs</del>
<del>e.g. 1. EXW</del>	<del>Complex 7, 34 Hitler avenue, Berlin, Germany</del>	<del>Outside factory warehouse at complex 7, Berlin. Unloaded.</del>	<del>Buyer pays for transport and insurance From Hitler avenue, Germany to factory in Graniteside, Harare</del>
<del>e.g. 2. CPT</del>	<del>32 Kelvin road, Graniteside, Harare</del>	<del>On board ship at Bremerhaven</del>	<del>Seller pays for all transport costs to destination. Insurance is for buyer.</del>

~~It is recommended that you answer this question on separate paper as an attachment~~

**{Total 30 marks}**

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**QUESTION FOUR**

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**b) In the Customs Tariff under the “quantity data” data column we find the following:**

- i. ~~Tariff 2402.9010~~ ————— ~~1. Kg~~  
~~2. 1000u~~
- ii. ~~Tariff 2208.3010~~ ————— ~~1. Kg~~  
~~2. L~~  
~~3. LAA~~

**Explain what the text Kg, 1000u, L and LAA mean. Also explain how these should be used on a bill of entry. (8 marks)**

~~e) A truck driver enters Zimbabwe through Victoria Falls border Post from Zambia. He submitted a form 1 (road report) declaring that the truck was empty. He also tendered a Nil declaration of his personal goods on form 47. A search of the truck revealed the following goods:~~

- ~~i. 2 cartons of “Movate” skin lightening creams under a false compartment under the 5<sup>th</sup> wheel of his truck.~~
- ~~ii. 20 twists of mbanje in the lining of his jacket.~~
- ~~iii. 50 pairs of jean trousers inside the mattress of his bedding in the truck.~~

~~The truck driver refused to open the doors of his truck when he was asked to do so by a Zimra officer. He however had offered \$20 USD to the officer to avoid a search. The truck owner had to send spare keys to enable Zimra to access the inside of the truck. **Quoting legislation, you are required to identify the offences that have been committed. Also identify any goods that may be liable to seizure.** (15 marks)~~

**d) Explain the significance of the Customs and Excise (Suspension) regulations and the Value Added Tax regulations (3 marks)**

a) In your own words explain the operation of Export Processing Zones in Zimbabwe. In your answer include the different types of Export processing Zones available (8 marks)

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b) Calculate the drawback to be claimed by an importer of wood boards. The importer manufactures conference tables. The following manufacturing formulas have been approved by ZIMRA:

- i. Executive 8 seater conference table top 3 square metres
- ii. Executive 10 seater conference table top 5 square metres
- iii. Executive 12 seater conference table top 7.5 square metres

Import documents for the boards show a VDP of \$28 174.00 for 600 square metres. Customs duty was paid at 15% and reflected as \$4,226.10.

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

Calculate the drawback to be claimed on an export of 50 x 8 seater desks, 20 x 10 seater desks and 7 x 12 seater desks.

(10 marks)

$$\begin{aligned} 5000 \times 175\text{g} &= 875000\text{g} = 875 \text{ kgs granules} & \text{and } 5000 \times 5\text{g} &= 25000\text{g} = 25\text{kgs} & (3) \\ 2000 \times 340\text{g} &= 680000\text{g} = 680 \text{ kgs granules} & \text{and } 2000 \times 14\text{g} &= 28000\text{g} = 28\text{kgs} & (3) \end{aligned}$$

$$\text{total exports: Granules } 875 + 680 = 1555 \text{ kgs} \quad \text{Colouring: } 25 + 28 = 53 \text{ kgs}$$

$$\text{Duty drawback on granules: } 1555/10\,000 \times \$1408.70 = \$219.05 \quad (3)$$

$$\text{Duty drawback on colouring: } 53/150 \times 2516.39 = \$889.12 \quad (3)$$

$$\text{Total claim: } \$1108.17 \quad (1)$$

c) In determining the origin of goods, trade agreements usually determine the criteria for conferring origin to traded goods. Briefly explain the following criteria used in the determination of origin of goods:

- i. wholly produced (3 marks)
- ii. substantive transformation rule (3 marks)
- iii. minimum local content (2 marks)
- iv. documentation rule (2 marks)
- v. transportation rule (2 marks)

These are explained in modules (12 marks)

**{Total 30 marks}**