

U.S. CUSTOMS AND BORDER PROTECTION

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Customs Broker License Examination

**DIRECTIONS - READ CAREFULLY**

This examination consists of 80 questions. The minimum passing score is 75%. For each question, choose the letter representing your answer (**A, B, C, D, or E**) and completely darken the corresponding space on your answer sheet. There is no penalty for guessing; therefore, you should attempt to answer every question. **Each question is designed to have a single best answer.**

You are responsible for having the following references:

- **Harmonized Tariff Schedule of the United States (2013, No Supplements)**
- **Title 19, Code of Federal Regulations** (revised as of April 1, 2013; Parts 0 to End)
- **Customs and Trade Automated Interface Requirements (CATAIR)**
  - Appendix B – **Valid Codes**
  - Appendix D – **Metric Conversion**
  - Appendix E – **Valid Entry Numbers**
  - Appendix G – **Common Errors**
  - Glossary of Terms
- **Instructions for Preparation of CBP Form 7501 (July 24, 2012)**
- **Right to Make Entry Directive, 3530-002A**

This examination lasts four (4) hours. When you finish, please give your answer sheet to the test administrator. **You may take this booklet with you.**

In addition to the 80 exam questions, Customs and Border Protection will be administering six **voluntary** process evaluation questions. The first three questions, located in Section 1, will take place before you begin the test. The last three survey questions, located in Section 3, will take place after you complete the test. Each set of questions is expected to take no longer than 2 minutes each. The purpose of this survey is only to inform future testing processes. These survey questions are completely **voluntary** and will have **NO** impact on your scores.

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## **Section 1: Pre-Examination Process Evaluation Survey**

This survey is being administered to collect information about the examination process for the Customs Broker Exam. The survey is completely **voluntary** and your responses will have no impact on your scores for this exam.

1. What is your background with regard to customs laws and regulations?

- A. Former CBP employee
- B. Works or has worked for a broker
- C. Works or has worked for an importer on trade issues
- D. No experience with customs laws and regulations

2. How did you prepare for the customs broker examination?

- A. Took an in-person course through an educational institutional
- B. Took an online course through an educational institutional
- C. Self-prepared
- D. Did not spend time preparing for examination

3. How many hours did you spend preparing for the examination?

- A. 1-10
- B. 11-25
- C. 26-100
- D. More than 100
- E. Did not spend time preparing for examination

**DO NOT TURN THIS PAGE UNTIL TOLD TO DO SO BY THE EXAMINER.**

## **Section 2: Customs Broker License Examination**

<b>Category I – Powers of Attorney</b>	<b>Questions 1-2</b>
<b>Category II – Practical Exercises</b>	<b>Questions 3-11</b>
<b>Category III – Entry</b>	<b>Questions 12-20</b>
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<b>Category VIII – Free Trade Agreements</b>	<b>Questions 55-64</b>
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<b>Category X – Intellectual Property Rights</b>	<b>Question 69</b>
<b>Category XI – Marking</b>	<b>Questions 70-71</b>
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**Category I: Powers of Attorney**

1. A Customs Power of Attorney may be issued by a partnership for a period not to exceed \_\_\_\_\_ years.

- A. 1
- B. 2
- C. 5
- D. 10
- E. 20

2. Don Murphy is the Import Manager of ABC Imports. He hires XYZ Brokers to clear shipments for ABC Imports. ABC Imports is a limited partnership under state law. Which of the following is required as part of, or must accompany, the power of attorney from ABC Imports?

- A. The signature of Don Murphy
- B. The signature of the President of ABC Imports and a certification supporting the President's authority to sign the power of attorney
- C. The signature of all members of the limited partnership
- D. The names of all the general partners who have authority to bind ABC Imports and a copy of the partnership agreement
- E. The names of all members of the partnership and the signature of two of the partners

**Category II: Practical Exercises**

**Practical Exercise A:**

Using the invoice provided below, answer questions 3 through 5.

<b>COMMERCIAL INVOICE</b>			
<b>Mario's Foods</b>			
4. <b>Shipper/Exporter</b> Mario's Foods Atlixco 100B Mexico City Mexico		5. <b>No. and Date of Invoice</b> US001836      Monday, January 13, 2014	
7. <b>For Account and Risk of Messers</b> Jones Cafe 301 Texan Plaza Dallas, TX 78205		6. <b>No. and Date of L/C</b>	
9. <b>Notify Party</b> 10. R.Schaub, 231-423-1234		8. <b>L/C Issuing Bank</b>	
12. <b>Port of Lading</b> Mexico City, Mexico	13. <b>Final Destination</b> Dallas	11. <b>Remarks</b> P/O No.: TPS001 Not subject to AD/CVD cases	
14. <b>Carrier</b>	15. <b>Departure on or about</b> January 20, 2014	<u>Marks and Numbers of Pkgs.</u> Fernando's Pickles 25/1. 16 Ounce Jar.	
16. <b>Description of Goods</b>	17. <b>Quantity</b>	18. <b>Unit Price</b>	19. <b>Amount</b>
Country of Origin: Mexico Pickled cucumbers \$7,000 One pound jar	10000 pieces	0.70 USD	
<b>TOTAL</b>			
<b>\$7,000</b>			
Master Bill: 001-63324833 House Bill: COSC56676406 Estimated Entry Date 01/20/2014			

3. If Dallas, TX is the port of entry, what is the port code?
- A. 2101
  - B. 5311
  - C. 5501
  - D. 5507
  - E. 6420
4. Block 31 of the CBP Form 7501 should indicate \_\_\_\_\_ for the pickles.
- A. 16 ounces
  - B. 10,000 pounds
  - C. 10,000 pieces
  - D. 10,000 kilograms
  - E. 4,536 kilograms
5. The Manufacturer's Identification Code is:
- A. MXELGOR2568MEX
  - B. MXGORDES2BAGTA
  - C. MXMARFOO301MEX
  - D. NAFTAMARFOOMX
  - E. TAELOGR2568MAT

Practical Exercise B:

Using the following abbreviated CBP Form 7501 "Entry Summary," answer questions 6 through 8.

DEPARTMENT OF HOMELAND SECURITY U.S. Customs and Border Protection			1. Filer Code / Entry No. ABC- 1234567-8	2. Entry Type 01 ABI/A	3. Summary Date 01/17/14
<b>ENTRY SUMMARY</b>			4. Surety No. 891	5 Bond Type 8	6. Port Code 1101
8. Importing Carrier MAERSK SENANG		9. Mode of Transport 11	10. Country of Origin SG		11. Import Date 01/02/14
12. B/L or AWB No. MAEU751824346		13. Manufacturer ID SGHSEXT1234NO R	14. Exporting Country MY		15. Export Date 12/03/13
16. I.T. No. V0670830522	17. I.T. Date 01/02/1 4	18 Missing Docs	19. Foreign Port of Lading 55700		20. U.S. Port of Unlading 1001
21. Location of Goods/GO No. H572 BNSF LOGISTICS PARK PHL		22. Consignee No. SAME	23. Importer No. 04- 0422353-00		24. Reference No.
26. Ultimate Consignee Name and Address City State Zip			26. Importer of Record Number and Address HS Exteriors 1234 Main Street Norristown, PA 19401		

6. Which date is used for calculating the applicable rate of duty?

- A. Export
- B. Import
- C. Entry
- D. Entry Summary
- E. Immediate Transportation



7. Which of the following is the port of processing?
- A. Lubbock, Texas
  - B. New York, New York
  - C. Seattle, Washington
  - D. Philadelphia, Pennsylvania
  - E. Miami, Florida
8. What is the entry type?
- A. Warehouse Withdrawal for Consumption
  - B. Consumption Foreign Trade Zone
  - C. Consumption Free and Dutiable
  - D. Transportation and Exportation
  - E. Consumption Anti-dumping/Countervailing Duty

Practical Exercise C:

Using the abbreviated Entry Summary below, answer questions 9 through 11.

27.  Line No.	28. Description of Merchandise			32.  A. Entered Value B. CHGS C. Relationship	33.		34. Duty and I.R. Tax  Dollars Cents
	29. A. HTSUS No. B. ADA/CVD Case No	30. A. Gross Weight B. Manifest Qty.	31. Net Quantity in HTSUS Units		A. HTSUS Rate B. ADA/CVD Rate C. IRC Rate D. Visa No.		
001 D	M 55217035541 LADIES / MEN'S POLO SHIRTS 384 CTNS Invoice Number – 24011 04/2013 APPL AGOA, FROM NON US FABRICS 9819.11.09 WOMENS COTN BLOUS/SHIRS, NIT/C 6106.10.0010 905 225 DOZ CAT 339 (810 KG)			384 CTNS    NOT- RELATED  0  9536 C 1339	FREE  FREE V3ET022805 DOE 08/18/13  0.010717 / KG	0.00  0.00  8.68	
Other Fee Summary for Block 39		35. Total Entered Value					

9. If the country of export of this shipment was Ghana, then the International Standard Organizational country code identified at Block 14 of CBP Form 7501 would be:

- A. GH
- B. LY
- C. US
- D. DE
- E. D

10. The "Total Entered Value" at Block 35 is:

- A. \$0
- B. \$1,339
- C. \$9,536
- D. \$10,875
- E. \$63,490

11. What free trade agreement is claimed on this entry summary?

- A. Generalized System of Preferences
- B. African Growth and Opportunity Act
- C. U.S.-Colombia Free Trade Agreement
- D. North American Free Trade Agreement
- E. There is no free trade agreement claim on this entry summary.

**Category III: Entry**

12. Please construct the Manufacturer Identification Code (MID) for the following company:

D.A.A.S.J. Manufacturing and Designing Corporation  
82467 North Pixie Lane  
Suite 14  
Green Gables, Prince Edward Island, Canada C0A 1M0

- A. CADAASJMAN8246GRE
- B. CADMADC14 PEI
- C. XPCAMDC14PEI
- D. XPDAAMAN8246GRE
- E. XPDAMAD8214GGPEI

13. Quota Class merchandise is any imported merchandise subject to limitations under an absolute or tariff rate quota. Entry summaries for consumption or withdrawal for consumption shall be presented during official office hours. Official office hours for purposes of administering quotas shall be:

- A. 8:00 am to 4:30 PM PST
- B. 8:30 am to 4:30 PM EST
- C. 8:30 am to 4:30 PM in all time zones
- D. 8:00 am to 4:30 PM in all time zones
- E. 8:30 am to 5:00 PM in all time zones

14. How much Antidumping Duties/Countervailing duties (AD/CVD) are entitled to drawback, for entries made after August 23, 1988?

- A. Up to 99 percent of AD/CVD may be refunded if approved by CBP
- B. Only the initial cash deposit amount for AD/CVD duties may be refunded under drawback
- C. The entire amount of AD/CVD paid may be refunded
- D. The first \$1,000 of AD/CVD paid may be refunded
- E. AD/CVD will not be refunded because they are not subject to drawback

15. Turtle Clothing Line is a new company getting started in China. They would like to solicit orders in the United States. They are planning to import samples. The merchandise will be filed under classification 9811.00.60. Which of the following does not qualify for 9811.00.60?

- A. Merchandise unsuitable for sale.
- B. Items marked, torn, or perforated.
- C. Merchandise valued not over \$10 each.
- D. Merchandise valued not over \$1 each.
- E. None of the above

16. When admission into the United States for a shipment is prohibited, the importer has the option to file for a direct exportation (without transportation to another port) instead of an entry for consumption. Which of the following documents must be provided?

- A. A copy of the commercial invoice.
- B. Proof of payment to foreign shipper and a bond on CBP Form 301 containing the bond conditions set forth in 19 CFR 113.63.
- C. Four copies of CBP Form 7512, and a bond on CBP Form 301 containing the bond conditions set forth in 19 CFR 113.63.
- D. A copy of the airway bill or bill of lading.
- E. CBP Form 7512 and a carrier's certificate.

17. Which of the following dates would be the date of liquidation of an entry?

- A. The date of the courtesy notice of liquidation provided to the importer
- B. 314 days from the date of entry
- C. The date the duties are paid to CBP
- D. The bulletin notice date posted in the customs house
- E. 90 days from the date the bulletin notice is posted

18. If accelerated disposition is requested on a protest and it is not allowed or denied within 30 days from request for accelerated disposition what would the status of the protest be?

- A. The protest is deemed approved.
- B. The protest is forwarded to a secondary port for further review.
- C. The protest is deemed denied.
- D. The protest stays open until a decision is reached or 2 years from the filing date is reached when it will be deemed approved.
- E. The protest is withdrawn allowing protestant to resubmit its claim within 180 days of the protest withdrawal.

19. Which of the following is not required to complete the paper CBP Form 7501?
- A. The signature of the importer
  - B. The identification number for merchandise subject to an antidumping or countervailing duty order
  - C. The importer's identification number
  - D. The marks and numbers previously provided for packages released or withdrawn
  - E. The value of each invoice
20. Any parties participating in an import transaction with a financial interest in the transaction may make entry on his own behalf, or may designate a licensed customs broker to make entry on his behalf, and may be shown as the importer of record on the CBP Form 7501, except:
- A. The buying agent to the transaction
  - B. The selling agent to the transaction
  - C. A person or firm who is importing on consignment
  - D. A person who imports under loan or lease
  - E. The nominal consignee to the transaction

**Category IV: Foreign Trade Zone and Warehouse**

21. Antidumping/countervailing merchandise is placed in a bonded warehouse facility and re-warehoused at a second warehouse. What is the appropriate entry type to be included on the U.S. CBP Form 7501?

- A. Entry type 07
- B. Entry type 21
- C. Entry type 22
- D. Entry type 32
- E. Entry type 34

22. What entry type is used to file for non-quota merchandise to be withdrawn for consumption from a bonded warehouse?

- A. Entry Type 21
- B. Entry Type 22
- C. Entry Type 23
- D. Entry Type 31
- E. Entry Type 32

23. What form is required for a temporary deposit of merchandise in a Foreign Trade Zone, provided that it is signed, numbered, and marked as "Temporary Deposit in a Zone"?

- A. CBP Form 214
- B. CBP Form 3461
- C. CBP Form 3499
- D. CBP Form 6043
- E. CBP Form 7512

24. How long must a proprietor of a bonded warehouse retain all records pertaining to bonded merchandise after the date of the final withdrawal under the entry?

- A. One year
- B. Two years
- C. Three years
- D. Four years
- E. Five years

25. Except in a case of theft or suspected theft, the Foreign Trade Zone (FTZ) operator need not file a report with the port director, or note in the annual reconciliation report, any\_\_\_\_\_.

- A. shortage of six percent (6%) of the quantity of merchandise in a lot that would have been subject to duties and taxes in the amount of \$1,000.
- B. merchandise not properly admitted to the zone.
- C. shortage of one percent (1%) of the quantity of merchandise covered by a unique identifier that would have been subject to duties and taxes in the amount of \$1,000.
- D. shortage of one percent (1%) or more of the quantity of merchandise in a lot that would have been subject to duties and taxes of \$100 or more upon entry into the Customs territory.
- E. shortage or overage concerning domestic status merchandise for which no permit is required.

26. For a Foreign Trade Zone, the operator shall prepare a reconciliation report within \_\_\_\_\_ days after the end of the zone/subzone year unless the port director authorizes an extension for reasonable cause.

- A. 30
- B. 60
- C. 90
- D. 120
- E. 180



**Category V: Bonds**

27. Modifications to a bond made prior to its signing by the parties to the bond require:

- A. Initials of the parties placed adjacent to the modification
- B. Nothing because the bond has not yet been signed by the parties
- C. A statement of approval by the principal attached to the bond
- D. Initials of the agent of the surety company placed adjacent to the modification
- E. A statement by an agent of the surety company or by the personal sureties to that effect placed on the bond

28. An importer wants to clear its instruments of international traffic. However, it does not have a bond on file with CBP and only needs the customs bond for this one time shipment. To import the instruments of international traffic, it would need a

- 
- A. Single Entry Basic Importation Bond
  - B. Single Entry Instruments of International Traffic Bond
  - C. Single Entry International Carrier Bond
  - D. Continuous International Carrier Bond
  - E. Continuous Instruments of International Traffic Bond

29. Where a bond or other security is not specifically required by law, CBP possesses the regulatory authority to require security or execution of a bond pursuant to which regulation?

- A. 19 CFR 113.1
- B. 19 CFR 113.2
- C. 19 CFR 113.11
- D. 19 CFR 113.12
- E. 19 CFR 113.13

30. Which of the following obligations will CBP not accept in lieu of sureties on a bond required or authorized by any law, regulation, or instruction?

- A. United States money
- B. United States certificates of indebtedness
- C. Treasury notes
- D. Treasury bills
- E. Savings bonds

31. Merchandise subject to the Federal Food, Drug, and Cosmetic Act requires a single entry bond. The amount of the entry bond is equal to the domestic value of the merchandise at the time of release as if the merchandise were admissible and otherwise in compliance; or:

- A. three times the value of the merchandise.
- B. the total entered value plus all duties, taxes and fees.
- C. the total entered value.
- D. equal to 110% of the total estimated duties determined at time of entry.
- E. three times the total entered value of the merchandise plus duties, taxes and fees.

**Category VI: Classification**

32. What is the classification of a men's woven solid color dress shirt composed of 45 percent cotton, 40 percent polyester and 15 percent spandex?

- A. 6205.20.2026
- B. 6205.30.2010
- C. 6205.30.2030
- D. 6205.90.4010
- E. 6205.90.4030

33. What is the correct tariff classification of a perfume containing alcohol?

- A. 3302.10.1000
- B. 3303.00.1000
- C. 3303.00.2000
- D. 3303.00.3000
- E. 3307.10.0000

34. What is the proper classification of high fashion snakeskin men's anoraks from Canada?

- A. 4203.10.2000
- B. 4203.10.4010
- C. 4203.10.4030
- D. 4203.10.4060
- E. 4203.10.4085

35. What is the correct classification of raw cane sugar from Columbia with an entered polarization of 94.5 degrees? The raw cane sugar is described in Additional U.S. Note 5 to Chapter 17 and is entered pursuant to its provisions.

- A. 1701.12.1000
- B. 1701.13.1000
- C. 1701.14.1000
- D. 1701.99.1010
- E. 1701.99.1025

36. A fabricated one-piece stainless steel sink unit is composed of a molded stainless steel sink welded to stainless steel countertops fabricated of steel sheet. The stainless steel sink provides the principal function to this article. What is the classification of the fabricated one-piece stainless steel sink?

- A. 6910.10.0030
- B. 7324.10.0000
- C. 7324.90.0000
- D. 7326.90.8587
- E. 9403.20.0020

37. What is the classification of plastic swimming goggles with rubber straps?

- A. 3926.90.9980
- B. 4015.19.1050
- C. 9004.90.0000
- D. 9506.29.0080
- E. 9506.99.6080

38. Frozen veal bones with adhering meat are being imported. The bones are from the neck, vertebrae, atich, blade, brisket, knuckle tip and rib. The meat has been removed from the bones by hand. They are not further processed. After importation, they will be cooked in water to make veal broth and then discarded. What is the classification for the frozen veal bones?

- A. 0201.20.5000
- B. 0202.20.3000
- C. 0202.20.5000
- D. 0208.90.9100
- E. 0506.90.0020

39. A woven silk tie is composed of 80 percent silk and 20 percent polyester outer shell and 100 percent polyester lining. The tie, inclusive of the linings and interlining, is greater than 50 percent by weight of polyester. What is the classification of the woven silk tie?

- A. 6215.10.0025
- B. 6215.10.0040
- C. 6215.10.0090
- D. 6215.20.0000
- E. 6217.10.1090

40. What is the classification of a men's knit two button polo shirt composed of 100% cotton with 8 stitches per linear centimeter in each direction?

- A. 6105.10
- B. 6105.20
- C. 6105.90
- D. 6110.20
- E. 6110.90

41. Artic Shops Inc. intends to import a woman's knit cardigan with decorative beads and embroidery into the United States from Hong Kong. The cardigan consists of 73% polyester, 25% rayon, and 2% spandex. The outer surface of the garment measures more than 9 stitches per 2 centimeters in the direction in which the stitches were formed. The garment also features a rounded front neckline, straight hemmed bottom, and extends below the waist. What is the classification of this garment?

- A. 6110.20.2079
- B. 6110.30.1020
- C. 6110.30.3020
- D. 6110.30.3059
- E. 6110.90.9022

42. What is the classification of Italian glazed ceramic tiles each covering 2855 tiles per square meter?

- A. 6802.10.0000
- B. 6810.19.5000
- C. 6905.10.0000
- D. 6907.10.0000
- E. 6908.10.1000

43. Your client is importing "Super flowGro," a product described as a natural fertilizer manufactured in the Dominican Republic, exclusively from plant matter. This fertilizer is intended to be used to grow flowers. "Super flowGro" is imported in tablet form, in twelve kilogram, retail-ready packages. What is the tariff classification for this product?

- A. 3101.00.0000
- B. 3105.10.0000
- C. 3105.20.0000
- D. 3105.90.0050
- E. 3824.90.9290

44. What is the classification of a handbag with an outer surface of 1cm-wide, interwoven palm leaf strips?

- A. 4202.22.6000
- B. 4601.29.6000
- C. 4602.12.2500
- D. 4602.19.1600
- E. 4602.19.2500

45. A men's lightweight upper body garment is cut and sewn from 45% cotton, 35% polyester, 20% linen, pique knitted fabric. The fabric measures 12 stitches per linear centimeter counted in the horizontal direction and 14 stitches per linear centimeter counted in the vertical direction. The garment is designed for wear over the skin or underwear and has a rib knit spread collar. It has a partial front opening at the neck with a three button placket, short sleeves with rib knit cuffs, and a ribbed knit waistband. What is the classification of this garment?

- A. 6105.10.0010
- B. 6106.10.0010
- C. 6109.10.0004
- D. 6110.20.2067
- E. 6110.20.2069

**Category VII: Valuation**

46. Which of the following is not an assist, and should not be included in entered value?
- A. Artwork created by a company in England
  - B. Molds supplied free of charge by the importer to a Vietnamese manufacturer
  - C. Design work created by the US importer domestically and supplied free of charge to the manufacturer
  - D. Component parts supplied free of charge by the US importer
  - E. Engineering performed by a Chinese engineering firm
47. The Transaction Value of imported merchandise is the price actually paid or payable for the merchandise when sold for exportation to the United States. The Transaction Value can include which of the following additions?
- A. Packing, Selling Commissions, Assist, Royalties, Proceeds, and Discounts.
  - B. Selling Commissions, Royalties, and Copy Rights and Trade Mark fees.
  - C. Packing, Selling Commissions, Assist, Royalties, and Proceeds.
  - D. Only Selling Commissions, International Freight, and Insurance.
  - E. Antidumping and Countervailing Duty.
48. After liquidation, the importer has \_\_\_\_\_ days to request a written explanation of how the value of the imported merchandise was determined.
- A. 20
  - B. 30
  - C. 90
  - D. 180
  - E. 360
49. According to 19 CFR 141.89, "additional information for certain classes of merchandise," what is the requirement for classifiable items of iron or steel classifiable in Chapter 72 or headings 7301 to 7307?
- A. A statement of the weight of articles of copper, and a statement of percentage of copper content and all other elements -by weight -to articles classifiable according to copper content.
  - B. Statement specifying the kind of machine for which the parts are intended, or if this is not known to the shipper, the kinds of machines for which the parts are suitable.
  - C. Statement of the percentages by weight of carbon and any metallic elements contained in the articles, in the form of a mill analysis or mill test certificate.
  - D. Furnish the use and Chemical Abstracts Service number of chemical compounds.
  - E. A statement of the method of preparation of the oxide, together with the patent number, if any.

50. When considering test values in a related party transaction, which of the following choices does the appraising officer have?

1. Previously established Customs values
2. Goods produced in the same country as the merchandise under appraisement
3. Goods exported from the same country as the merchandise under appraisement
4. Goods exported at or about the same time as the merchandise under appraisement

- A. (1), (2) and (3)
- B. (2), (3) and (4)
- C. (1), (3) and (4)
- D. (1), (2) and (4)
- E. (1) and (2)

51. An importer is entering \$50,000 worth of gold jewelry which had previously been imported from Thailand and then exported for repairs under warranty. The broker classifies the repaired jewelry in subheading 9802.00.4040 of the HTSUS with a secondary classification of subheading 7113.19.5000 of the HTSUS.

Which one of the following statements is **true** regarding the duty due?

- A. The importer owes 5.5% duty on the value of the repairs.
- B. The importer owes 5.5% duty on the total value of the jewelry, \$50,000.
- C. The importer owes no duty since the importer was not charged for the repairs under warranty.
- D. The importer owes duty on the total value of the jewelry minus the value of the repairs.
- E. The importer owes no duty because the goods qualify for duty free treatment under the GSP trade agreement.



52. Which of the following is the transaction value of a shipment of lithium-ion batteries with the following details?

1. Invoice value of \$100,000
2. Terms of sale CIF duty paid, merchandise processing fee (MPF) included
3. Air freight of \$3,000 and insurance of \$100 included in the invoice value of \$100,000
4. The actual duty rate is 3.4%
5. The actual MPF rate is 0.3464%

- A. \$93,270
- B. \$93,401
- C. \$93,605
- D. \$96,254
- E. \$96,900

53. A U.S. importer contracts the services of a foreign company that works with aluminum to manufacture 300 aluminum windows at \$40.00 per window. The manufacturer contacts the U.S. importer and asks him for some special tools to cut the aluminum profiles. The importer agrees to send \$500.00 worth of tools to the manufacturer through an air carrier. The carrier charges the U.S. importer \$300.00. The importer tells the manufacturer to repay him the \$300.00 dollars of the carrier. A month later the U.S. importer receives the 300, cut and assembled, windows accompanied by an invoice for \$12000.00 dollars.

What is the transaction value?

- A. \$11,200
- B. \$11,800
- C. \$12,000
- D. \$12,200
- E. \$12,800

54. A shipment of 860 dozen scissors, manufactured in China, is invoiced at \$74.77 per dozen CIF San Juan. The invoice shows an estimate of marine insurance at \$0.03 per unit and an estimate of ocean freight at \$6,200. The bill of lading shows the actual ocean freight to be \$4,750. The insurance bill provided shows a rate of \$0.005 per unit. What is the transaction value for the shipment?

- A. \$57,792
- B. \$59,501
- C. \$62,852
- D. \$64,302
- E. \$115,584

**Category VIII: Free Trade Agreements**

55. Which country below is designated as a beneficiary country for purposes of the Andean Trade Preference Act (ATPA)?
- A. Brazil
  - B. Venezuela
  - C. Panama
  - D. Ecuador
  - E. Chile
56. Which of the following countries is considered a “Least Developed Beneficiary Country” for purposes of the General System of Preferences?
- A. Mozambique
  - B. Algeria
  - C. China
  - D. Saint Lucia
  - E. Italy
57. Canadian Hockey Equipment issues a NAFTA Certificate of Origin for its shipment of hockey sticks to its U.S. customer, Hockey Sticks, Inc. Canadian Hockey Equipment discovers that the sticks do not qualify for NAFTA and provides a written statement to Hockey Sticks, Inc. advising them of the mistake. In order to rectify the situation with CBP, Hockey Sticks, Inc. must do which of the following:
- A. Advise CBP that Canadian Hockey Equipment owes them the duty due
  - B. Notify CBP and pay the duties due within 10 calendar days of having reason to believe the goods do not qualify
  - C. Continue to file claims for NAFTA for the hockey sticks
  - D. Advise Canadian Hockey Equipment that they must notify CBP of the error and pay the duties due
  - E. Notify CBP and pay the duties due within 30 calendar days of making discovery of the error

58. Korean Boat Restorations LLP is investigating the viability of restoring used inboard motorboats (HTSUS 8903.92.00) of unknown origin in S. Korea for export to the United States. The restoration will include the disassembly, cleaning, replacing inoperable parts and reassembly. Can the motorboats enter the United States duty free under the Korea FTA?

- A. Yes, the Korea FTA has a “recovered goods” provision and these boats meet the definition of a “recovered good.”
- B. No, since the boats were not manufactured in S. Korea, they cannot meet the terms of the Korea FTA.
- C. No, although the Korea FTA has a “remanufactured goods” provision, goods of chapter 89 are ineligible.
- D. Yes, the Korea FTA has a “remanufactured goods” provision and these boats meet the definition of a “remanufactured good”.
- E. No, although the goods can enter the U.S. under the Korea FTA, they will not be duty free because the duties are still phasing out.

59. Automatic teller machines (ATMs) in HTS 8472.90.10 are manufactured in Malaysia, imported into Singapore and subsequently imported into the United States with country of origin “Malaysia” and country of export “Singapore”. Which of the following statements is true regarding the Singapore Free Trade Agreement (SGFTA)?

- A. ATMs are ineligible for SGFTA preference because the special program indicator (SG) is not listed in the “Special” column for HTS 8472.90.10.
- B. Although ATMs are eligible for SGFTA preference, there is no reason to claim it since they are unconditionally free.
- C. Only goods of a Party can benefit from the SGFTA, not goods of a 3rd-country.
- D. ATMs originate under the SGFTA irrespective of where they are manufactured.
- E. ATMs are provided for in the World Trade Organization (WTO) Information Technology Agreement (ITA) and thus enter the US free of duty and MPF irrespective of where they are manufactured.

60. Under the Australia FTA, which of the following are not indirect materials?

- A. Catalysts and solvents
- B. Discards unsuitable for sale
- C. Lubricants, greases, compounding materials used to operate equipment and buildings
- D. Dies and molds
- E. Safety clothing and equipment for employees

61. Ski board boots in HTS 6403.12.30 are manufactured in Canada of both NAFTA and 3rd-country materials in such a manner as to comply with the applicable General Note 12(t) requirement and subsequently imported into the U.S. The importation meets the NAFTA's direct shipment and all other requirements. Which of the following is true regarding whether NAFTA preference may be claimed to obtain the MPF exemption?

- A. Although virtually all Canadian goods benefit from NAFTA preference, since HTS 6403.12.30 does not show "CA" in the "Special" column of the HTSUS, it is an exception and is not NAFTA eligible.
- B. The "CA" in the "Special" column of the HTSUS is not necessary to claim NAFTA preference on Canadian-manufactured goods in HTS 6403.12.30 because all Canadian-manufactured goods enter the U.S. free of duty and MPF.
- C. Footwear importations into the U.S. are particularly restrictive and the fact that HTS 6403.12.30 does not list "CA" in the "Special" column indicates that it is ineligible for NAFTA preference.
- D. HTS 6403.12.30 is unconditionally free, so there is no benefit to claiming NAFTA preference.
- E. Notwithstanding that HTS 6403.12.30 does not show "CA" in the "Special" column of the HTSUS, since the good meets all of the requirements, NAFTA preference may be claimed to obtain the MPF exemption.

62. Importer XYZ wants to know if the shipment of flashlights that he is importing from Pakistan can qualify for preferential tariff treatment. He supplies the cost breakdown as:

\$4.68 aluminum – Pakistan  
\$0.36 copper wire – India  
\$0.48 screw – Korea  
\$1.20 light bulb – China  
\$1.59 plastic – Korea  
\$0.87 lens – Peru  
\$2.40 labor – Pakistan

Which trade agreement could this shipment be qualified for?

- A. United States-Korea Free Trade Agreement Implementation Act
- B. North American Free Trade Agreement Implementation Act
- C. United States-Peru Trade Promotion Agreement
- D. Generalized System of Preferences
- E. United States – China Free Trade Agreement

63. After extensive market research, a Korean manufacturer of a canned peach and apricot fruit medley (HTS 2008.97) made of domestically grown Korean fruit is considering adding 9% Malaysian pears to the recipe and exporting the medley to the United States where consumers love pears. Will the fruit medley be eligible for Korea FTA preference and if so, what duty rate will it pay?

- A. Eligible at 0.0%
- B. Eligible at 10.6%
- C. Ineligible at 5.6%
- D. Ineligible at 14.9%
- E. Ineligible at 20.0%

64. Assuming that substantial transformation, 35 percent value added, imported directly and all other requirements of the Generalized System of Preferences (GSP) are met, which of the following goods would not qualify for preferential tariff treatment under the GSP?

- A. 0404.10.05 produced in and imported from Thailand
- B. 4015.19.10 produced in and imported from Albania
- C. 6912.00.45 produced in and imported from Haiti
- D. 7604.10.30 produced in and imported from Venezuela
- E. 8419.50.10 produced in and imported from Brazil

**Category IX: Drawback**

65. In general, a complete drawback claim, with all required documents, shall be filed within \_\_\_\_ after the date of exportation or destruction of the merchandise or articles that are subject of the claim.

- A. 3 years
- B. 5 years
- C. 6 years
- D. 10 years
- E. an unlimited number of years

66. The definition of a “Destruction” of merchandise that is part of a claim for drawback duty means:

- A. The complete destruction of over 50% of the value of the merchandise.
- B. The complete destruction of over 90% of the value of the merchandise.
- C. The complete recycling of the merchandise.
- D. The recycling of less than 50% of the merchandise and the destruction of the remaining.
- E. The complete destruction of the merchandise to the extent that it has no commercial value.

67. The \_\_\_\_ shall be entitled to claim drawback unless this party, by means of certification, assigns the right to claim drawback to an intermediate party in the following scenario:

1. Company Alpha imports CBP duty assessed graphite from a seller, MNO, in Australia and issues a certificate of delivery to Company B.
2. Company Beta uses all of the imported graphite to manufactures pencils and issues a certificate of manufacture and delivery to Company Delta.
3. Company Delta is the exporter of record for all of the pencils to a buyer XYZ in China.

- A. importer
- B. manufacturer
- C. exporter
- D. seller MNO in Australia
- E. buyer XYZ in China

68. What are all of the types of monies imposed on imported merchandise that may be requested on a drawback claim submitted on, or after, October 1, 2010?

- A. Customs Duties and Harbor Maintenance Fees
- B. Customs Duties and Merchandise Processing Fees
- C. Customs Duties, Fees, and Internal Revenue Tax
- D. Customs Duties, Anti-Dumping Duties, Fees, and Internal Revenue Tax
- E. Customs Duties, Anti-Dumping Duties, Countervailing Duties, Fees, and Internal Revenue Tax

**Category X: Intellectual Property Rights**

69. Articles suspected of bearing counterfeit marks are detained. If the importer of the article does not provide timely information, or the information provided is insufficient for CBP to determine that the merchandise does not bear a counterfeit mark, CBP may provide the owner of the mark with all of the following, EXCEPT:

- A. Serial numbers and/or lot codes appearing on the merchandise
- B. Serial numbers and/or lot codes appearing on the merchandise's retail packaging
- C. Any entry documents accompanying the shipment
- D. A sample of the merchandise and/or its retail packaging in its condition as presented for examination, subject to bond and return requirements
- E. Images of the merchandise and/or its retail packaging in its condition as presented for examination



**Category XI: Marking**

70. Articles not properly marked under the Country of Origin regulations shall, unless excluded, be subject to additional duties of what percentage of the final appraised value of the imported goods, unless those articles are exported or destroyed under Customs supervision prior to liquidation of the entry?

- A. 1
- B. 5
- C. 10
- D. 20
- E. 25

71. Articles not marked as required under 19 CFR 134 shall be subject to \_\_\_\_\_ additional duties on the final appraised value unless exported or destroyed under Customs supervision prior to liquidation of the entry.

- A. 5 percent
- B. 10 percent
- C. 20 percent
- D. 30 percent
- E. No additional duties may be assessed

**Category XII: Broker Compliance**

72. John Doe took the Customs broker license exam in April 2009 at the Port of New York, and subsequently obtained his license through the Port of Miami in October 2010. One month later, John was hired by Unknown Customs Brokers (“Unknown”), a national company employing 9 other licensed brokers. Unknown possesses a corporate broker’s license. In August 2012, while perusing old Customs Bulletin notices, John realizes that Unknown did not file John’s triennially-due status report (“triennial”), nor pay the associated fee. Moreover, John searches his records and finds a written notice sent by certified mail in March 2012, from the Miami Port Director, notifying him of the suspension of his license. John is determined to continue his career as a licensed broker. Which of the following courses of action should John take?

- A. Contact the port of Miami and submit his triennial report within 60 calendar days.
- B. Request that Unknown immediately file a triennial report on his behalf, including a statement acknowledging third party liability for the late filing, and pay the associated fee.
- C. Realize that his broker’s license has been revoked by operation of law and file an application for a new license.
- D. Do nothing and continue to transact customs business as a licensed customs broker because Unknown filed a triennial report for the company’s corporate broker’s license. Therefore, John did not have to file a separate individual triennial report.
- E. Submit a well-formed appeal to CBP headquarters, citing third party liability. Then submit a copy of the appeal to the Port of Miami.

73. A broker hires an employee on a full-time basis on March 1, 2012. The employee was working at the brokerage on a part-time basis since January 1, 2011. By which date is the broker required to inform the Port Director of this new employee?

- A. January 31, 2011
- B. February 10, 2011
- C. March 31, 2012
- D. April 10, 2012
- E. January 1, 2013

74. A broker hires someone as an employee on March 15, 2013, whose broker license was revoked on February 5, 2002, with prejudice. Per CBP regulations, what is the next course of action?

- A. The broker (employer) should send a letter to the CBP Assistant Commissioner requesting authorization to employ the personnel.
- B. The employee should not accept employment until she sends a petition to the CBP Assistant Commissioner of the Office of International Trade requesting authorization to accept the employment with the broker, and the petition is approved.
- C. The broker should do nothing, as the license was revoked over 5 years ago.
- D. The broker may hire the employee, however, the employee must not receive a power of attorney to sign on behalf of the brokerage.
- E. The broker should submit written notification to the Port Director with required information under 19 CFR 111.28(b)(1)(i) within 5 calendar days after the new employee has been employed by the broker for 60 consecutive days.

75. Payment of an annual user fee of \$138 is required for each permit and the user fee must be paid by the due date as published annually in which of the following:

- A. In the Port Office where the fees are to be paid
- B. In the Help Section on the Customs and Border Protection web site under Trade Support/Broker
- C. In the CBP Compliance manual for brokers
- D. In the Federal Register
- E. In the revised editions of the Code of Federal Regulations

76. When must a Licensed Customs Broker file a written status report with CBP?

- A. January 1, 2014, and January 1, 2015
- B. January 1, 2014, and January 1, 2017
- C. February 1, 2014, and February 1, 2015
- D. January 1, 2015, and January 1, 2018
- E. February 1, 2015, and February 1, 2018

77. When must an individual broker who is a qualifying member of a partnership provide written notice to the Assistant Commissioner of CBP, with copies of the written notice to the director of each port through which a permit has been granted, that his or her employment as a qualifying member has been terminated?

- A. Immediately
- B. As soon as possible after submitting a written waiver to the Port Director in the permitted district
- C. 30 days after the termination of employment
- D. 120 days after the termination of employment
- E. 180 days after the termination of employment

78. Which of the following is a requirement for an individual customs broker license?

- A. Be in possession of a valid driver license
- B. Be an active member of a Customs Broker Association
- C. Test negative for drugs
- D. Attain a grade point average of 3.5 in college credit hours
- E. Be 21 years of age

79. Which of the following is NOT “Customs Business” as defined in the Code of Federal Regulations?

- A. Payment of duties, taxes and fees
- B. Corporate compliance activity
- C. Determining the admissibility of merchandise
- D. Determining the classification of merchandise
- E. Preparation and filing of CBP Form 7501

80. A broker must submit new employee information to CBP within 10 calendar days after the broker has employed a new employee for 30 consecutive days. Which of the following data elements is NOT a requirement in this notification?

- A. Name of employee
- B. Social security number of employee
- C. Date and place of birth of employee
- D. Current home address
- E. Last three prior home addresses

**STOP.**  
**THIS IS THE END OF THE TEST.**

**You may use the remaining time to go back and check your answers. Please double check that your address is CORRECTLY bubbled in on your answer sheet. Your entire address must be filled in, including apartment numbers. Incorrect bubbling of your address will delay notification of the results of the exam.**

**If your address does not fit into the appropriate boxes, provide the Test Administrator with your full address AFTER the exam. If you have finished double checking your information and would like to participate in the survey, please turn the page and respond to the following questions.**

### **Section 3: Post-Examination Process Evaluation Survey**

This survey is being administered to collect information about the examination process for the Customs Broker Exam. The survey is completely **voluntary** and your responses will have no impact on your scores for this exam.

1. How difficult was the examination?
  - A. Very Easy
  - B. Easy
  - C. Moderate
  - D. Difficult
  - E. Very Difficult
  
2. How clear were the examination questions?
  - A. Very clear
  - B. Clear
  - C. Neither clear nor difficult to understand
  - D. Difficult to understand
  - E. Very difficult to understand
  
3. Would you have liked more, less, or the same amount of time for this examination?
  - A. Less time – I finished early
  - B. Same amount of time – it was just right
  - C. Slightly more time – to consider or review my answers
  - D. More time – I did not finish the examination









## April 2014 CUSTOMS BROKER LICENSE EXAM ANSWER KEY

Question	Answer	Citations
1	B	19 CFR 141.34
2	D	19 CFR 141.39(a)(2)
3	C	HTSUS Annex C
4	E	CBP Form 7501 Instructions for Block 31
5		All Answers Accepted
6	E	CBP Form 7501 Instructions for Block 17 and 19 CFR 141.69(b)
7	D	HTSUS Annex C
8	C	CBP Form 7501 Instructions for Block 2
9	A	HTSUS Annex B
10	C	CBP Form 7501 Instructions for Block 35
11	B	CBP Form 7501 Instructions for Column 27, and HTSUS General Note 4
12	D	CBP Form 7501 Instructions, pages 30-32
13	C	19 CFR 132.3
14	E	19 CFR 191.3(b)(3)
15	C	HTS 9811.00.60
16	C	19 CFR 18.25(a) & (b)
17	D	19 CFR 159.9(c)
18	C	19 CFR 174.22 (d)
19	D	19 CFR 141.61
20	E	Right to Make Entry Directive CD 3530-002A section 5.3.1
21	C	CBP Form 7501 Instructions
22	D	CBP Form 7501 Instructions
23	A	19 CFR 146.35(b)
24	E	19 CFR 19.4(b)(4)(B)
25	E	19 CFR 146.53(b)
26	C	19 CFR 146.25(a)
27	E	19 CFR 113.23(b)
28	E	19 CFR 113.66
29	A	19 CFR 113.1
30	E	19 CFR 113.40(a)
31	A	19 CFR 12.3(b) (referencing 19 CFR 113.62(m))
32	C	HTSUS Section XI note 2; and Subheading note 2
33	D	HTSUS Note 2 to Chapter 33 and Note 4 to Chapter 33
34	A	HTSUS General Rules of Interpretation (GRI) 1 and 6
35	C	HTSUS Chapter 17, Subheading notes 1 & 2
36	B	HTSUS GRI 3(a)
37	C	HTSUS 9004.90.0000; Note 1(q) to Chapter 95, HTSUS; Note 2(u) to Chapter 39, HTSUS; Note 1(e) to Chapter 40, HTSUS
38	C	Headings 0201, 0202, 0206, 0506, HTSUS
39	A	HTSUS Section XI note 2; and Subheading note 2

<b>Question</b>	<b>Answer</b>	<b>Citations</b>
40	D	HTSUS General Rules of Interpretation 1 and 6; Note 4 to Chapter 61, HTSUS
41	D	GRI 1 and 6, HTSUS; Heading 6110, HTSUS
42	E	HTSUS 6908.10.1000
43	B	HTSUS GRI 1, GRI 3(a); Headings 3101, 3105, and 3824, HTSUS
44	E	HTSUS 4602.19.2500; HTSUS Note 1 to Chapter 46; HTSUS Note 3 to Chapter 42
45	E	HTSUS General Rules of Interpretation 1 and 6; Chapter 61, Note 1; Chapter 61, Note 4; Chapter 61, Note 5; and Chapter 61, Statistical Note 6
46	C	19 CFR 152.102(a)(iv)
47	C	19 CFR 152.103(b)(1)
48	C	19 CFR 152.101(d)
49	C	19 CFR 141.89
50	D	19 CFR 152.103(j)(2), 19 CFR 152.102(d), 19 CFR 152.102(i)
51	A	Section XXII Subchapter II U.S. Note 3 to 9802; HTSUS 9802.00.4040; HTSUS 7113.19.5000
52	B	19 CFR 152
53	E	19 CFR 152.103(b)
54	B	19 CFR 152.105(d)(1)(2)
55	D	HTSUS General Note (GN) 11
56	A	HTSUS GN 4(b)(i)
57	E	19 CFR 181.21(b)
58	C	HTSUS GN 33(c)(ii)
59	D	HTSUS GN 25(m)
60	B	HTSUS GN 28(k)
61	E	19 CFR 24.23(c)(3)
62	D	HTSUS General Note 4; 19 CFR 10.171-10.178
63	D	HTSUS 2008.97.90; HTSUS GN 33(e)(ii)(F)
64	D	HTSUS 7604.10.30; 0404.10.05; 4015.19.10; 6912.00.45; 8419.50.10; GN 4
65	A	19 CFR 191.51(e)
66	E	19 CFR 191.2(g)
67	C	19 CFR 191.28
68	C	19 CFR 191.2(i); 19 CFR 191.3
69	C	19 CFR 133.21
70	C	19 CFR 134.2; 19 CFR 134.11; 19 CFR 159.46
71	B	19 CFR 134.2; 19 CFR 134.11; 19 CFR 159.46
72	C	19 CFR 111.30(d)
73	B	19 CFR 111.28(b)(1)(ii)
74	B	19 CFR 111.42 (a)(1) & (3); 19 CFR 111.79
75	D	19 CFR 111.96(c)
76	E	19 CFR 111.30(d)
77	A	19 CFR 111.28(c)

<b>Question</b>	<b>Answer</b>	<b>Citations</b>
78	E	19 CFR 111.11(a)
79	B	19 CFR 111.1
80	E	19 CFR 111.28(b)(1)(i) & (b)(1)(ii)

**Reference Materials:**

Harmonized Tariff Schedule of the United States (2013, No Supplements)

Title 19, Code of Federal Regulations (revised as of April 1, 2013; Parts 0 to End)

Customs and Trade Automated Interface Requirements (CATAIR)

Appendix B – Valid Codes

Appendix D – Metric Conversion

Appendix E – Valid Entry Numbers

Appendix G – Common Errors

Glossary of Terms

Instructions for Preparation of CBP Form 7501 (July 24, 2012)

Right to Make Entry Directive, 3530-002A