

United States of America
CUSTOMS SERVICE

Customs Broker Licensing Examination

DIRECTIONS TO THE COMPETITOR - READ CAREFULLY

This examination consists of 80 questions. A passing score is 75%. You are to choose the correct answer to each question from among the five alternatives (A, B, C, D, or E) presented. Then, record your answer on the separate answer sheet by darkening the answer space which corresponds to the letter of the alternative you chose.

You may refer **ONLY** to the following:

- Harmonized Tariff Schedule of the United States (1998) (USITC Publication 3066)
(No supplements)
- Title 19, Code of Federal Regulations (19 CFR Parts 1 to 199) Revised as of April 1, 1997

Applicants are responsible for having current references. Although you may also use the Customs Regulations received by subscription or privately printed reprints of the two specified references, Customs does not guarantee that they are up to date, and their use is at the applicant's risk.

You may use a silent battery-operated calculator.

Scores on this test are based on the number of questions answered correctly. There is no penalty for guessing. Therefore, it is to your advantage to answer every question that you can, even if you are not sure of the correct answer.

The examination lasts 4 hours. When you finish, give this booklet and your answer sheet to the test administrator.

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

1. Ed files a protest on a CF-19 and checks the box indicating that further review is sought. As an explanation for his protest Ed simply states: "Customs liquidated the entry incorrectly." Is Ed's protest sufficient under the regulations and why?
- A) No, because Ed has not thoroughly explained how his protest meets the criteria for further review.
 - B) No, because Ed cannot protest a liquidation.
 - C) Yes, because all Ed had to do was check the box indicating further review.
 - D) Yes, because the only information Ed must supply is the entry number.
 - E) Yes, because it is up to Customs to determine the grounds for further review.
2. An incorporated candle company imports wax from France into Cincinnati and makes a Class 6 warehouse entry. The wax is manufactured into candles in the warehouse. Upon withdrawal of the candles from the warehouse for exportation to Canada, a Customs Form 7501 is filed showing \$1200 in estimated U.S. duties on the basis of the unmanufactured wax. Upon entry into Canada, the equivalent of U.S. \$100 is assessed and paid on the exported candles. How much duty must the candle company pay to U.S. Customs?
- A) \$ 0
 - B) \$ 100
 - C) \$1,100
 - D) \$1,200
 - E) \$1,300
3. Fish pellets classified in 2301.20 of Norwegian origin; bones classified in 0506.90 of Brazilian origin; and animal products classified in 0511.99 of German origin are imported into Canada where they are mixed together into animal fertilizer and correctly classified under 3101. A NAFTA certificate of origin is completed and signed when the animal fertilizer is imported into the United States. For marking purposes, which country of origin is required on the animal fertilizer?
- A) Brazil
 - B) Canada
 - C) Germany
 - D) Norway
 - E) USA
4. Failure to file a broker status report by _____ of the reporting year will result in the suspension of a broker's license by operation of law.
- A) February 1
 - B) February 15
 - C) March 1
 - D) March 15
 - E) March 31
5. XYZ Imports receives a shipment of 202 cartons of air filters that do not comply with E.P.A. requirements. The importer does not have a bonded warehouse but he wants to store the filters

while he negotiates with other clients in Europe. You tell the importer that you can prepare a warehouse entry for storage in a bonded warehouse. What class of warehouse shall be used?

- A) Class 2
 - B) Class 3
 - C) Class 4
 - D) Class 6
 - E) Class 9
6. U.S. Customs provides preclearance offices in which of the following countries?
- A) Canada, Bermuda, and The Bahamas
 - B) Canada, Bermuda, and Mexico
 - C) Canada, Bermuda, The Bahamas, and Mexico
 - D) Bermuda, The Bahamas, and Mexico
 - E) Canada, Bermuda, The Bahamas, Mexico, and Puerto Rico
7. Iron ore mined in Australia, and coal mined in the United States are exported to India where they are made into sheet metal. The sheet metal is sent to Malaysia where it is made into rail car bodies with the use of tooling and engineering originating in the United States. The rail car bodies are next sent to Singapore where they are inspected, packed, and then exported to the United States. Which of the following is the country of origin of the imported goods?
- A) Australia
 - B) India
 - C) Malaysia
 - D) Singapore
 - E) United States
8. Which of the following does **NOT** correctly describe the duties and responsibilities of a licensed broker?
- A) Displaying the permit, or photocopies thereof, in a prominent location in the offices in the district in which the broker conducts customs business.
 - B) Maintaining the confidentiality of client records, with disclosure only to authorized government officials or to a party in possession of a subpoena issued by a court of competent jurisdiction.
 - C) Submitting in writing to the port director the names of terminated employees employed longer than 30 days, within 30 days after the date of termination of employment.
 - D) Retaining client powers of attorney for a maximum period of 5 years after the date of entry.
 - E) Giving immediate notice to Customs of cessation of employment, when the licensed broker is a qualifying member of a partnership or the qualifying officer of a corporation.
9. Sue files a temporary importation under bond entry in January 1998. In December of 1998 she calls Customs to find out if the entry has liquidated. Which of the following is correct?

- A) temporary importation under bond entries don't liquidate
 - B) temporary importation under bond entries liquidate 1 year from the date of entry
 - C) temporary importation under bond entries liquidate within 90 days from the date of entry
 - D) temporary importation under bond entries are valid for 1 year and then may be converted into a consumption entry and therefore liquidate within 2 years
 - E) temporary importation under bond entries are valid for 1 year and then may be converted into a transportation in bond and therefore liquidate within 3 years
10. A person needs a broker's license to perform which of the following activities?
- A) filing a vessel entry
 - B) filing an entry for transportation and exportation
 - C) filing a consumption entry for parts imported by his own company
 - D) filing an informal entry for a wedding gift valued at \$175, sent from the Virgin Islands to a clients in Texas
 - E) filing a drawback claim on behalf of a client exporting merchandise to Canada
11. CAPS brokerage receives payment from John, a client, after the Customs due date of March 1 (twelve days after the date of entry). CAPS brokerage holds John's payment and transmits it to Customs 10 days later on March 22nd. Which of the following is correct?
- A) CAPS brokerage, as John's broker, is not responsible for payment and cannot be held liable.
 - B) CAPS brokerage must transmit to Customs payments received from clients after the due date within 5 working days.
 - C) CAPS brokerage must transmit to Customs payments received from clients after the due date within 10 working days.
 - D) CAPS brokerage must transmit to Customs payments received from clients after the due date within 30 working days.
 - E) CAPS brokerage does not have a time limit in which to transmit to Customs payments received from clients after the due date.
12. A bond rider may be used to make all but which of the following changes to a continuous basic importation bond?
- A) Trans Rail Pacific Corporation, the principal, changes its name to TRP corporation.
 - B) Jane Jones, the principal, decides to operate her business under the trade name of JJ imports.
 - C) ABC Motors, Inc., the principal, closes down an unprofitable unincorporated division of its company, and takes action to have the division's name removed from the bond.
 - D) Jones Corporation, the principal, merges with a competitor, Smith Inc., to form a new corporation, Jones-Smith, Inc.
 - E) John Doe, the principal, changes his business address from 33 Main Street to 735 Market Place.
13. An importer is attempting to enter a shipment of Albacore tuna subject to a tariff-rate quota into the U.S. commerce. The tuna's origin is Japan and it is packed in airtight containers, not in oil, weighing 5 kg each. Information reported by the National Marine Fisheries Service shows that imports of canned tuna have exceeded the previous year's U.S. production by more than 20%. Which of the following statements is true?

- A) The merchandise is subject to a quota which has been filled and therefore cannot enter the U.S. commerce.
 - B) The merchandise can be imported into the U.S. commerce and be entered under HTS 1604.14.1000.
 - C) The merchandise can be imported into the U.S. commerce and be entered under HTS 1604.14.2020.
 - D) The merchandise is subject to a tariff-rate quota and can be entered under HTS 1604.14.3020.
 - E) The merchandise is subject to a tariff-rate quota and can be entered under HTS 1604.14.3040.
14. When Not Legally Marked (NLM) merchandise inadvertently enters the commerce, a 10% marking duty may be assessed in the liquidation of the entry. Which of the following statements about marking duty is true?
- A) The 10% marking duty is not assessable on any articles shown to have been returned to the importer and properly marked before being sold at retail prior to liquidation of the entry.
 - B) The 10% marking duty will be reduced, providing that mitigating circumstances, such as first offense, are established.
 - C) The 10% marking duty will be waived, providing that liquidated damages are assessed for the marking violation.
 - D) The 10% marking duty is not protestable under 19 U.S.C. 1514.
 - E) The 10% marking duty will be refunded if the importer files a petition under 19 U.S.C. 1520(c)(1) and shows that the release of NLM merchandise into the commerce was a clerical error or similar inadvertence.
15. Tina files a consumption entry for perishable goods that is subject to absolute quota, electing immediate delivery on Customs Form 3461. She files her entry on January 1 and her merchandise is released on January 2nd. The quota category for the merchandise Tina is importing closes on January 4th. Tina files her entry summary with payment of the applicable duties on January 10th. Which of the following actions is correct?
- A) Tina must file a corrected consumption entry and pay a higher rate of duty.
 - B) Tina must file a temporary importation under bond entry because her merchandise was released before the quota category closed.
 - C) Tina must redeliver the merchandise, pay a higher rate of duty, and file a revised consumption entry.
 - D) Tina must file a warehouse entry, export, or destroy the merchandise.
 - E) Tina must pay the estimated duties, taxes, and fees; and destroy the merchandise.
16. A shipment of sardines is being imported by the CMC Company for use in their stores nationwide. The sardines are caught by Norwegian factory ships and shipped to Denmark where they are frozen. They are shipped overseas to Mexico, via a Swedish shipping firm, where they are prepared by being cooked, soaked in olive oil, frozen, and packed in air tight containers. They are then shipped to New York via ocean freight. While in route the ship runs into a hurricane and is forced to dock in Bermuda. Much of the freight that they were carrying was damaged by salt water. The CMC Company contracts with a firm in Bermuda to determine if the sardines are still fit for human consumption. The firm determines that 40% of the shipment of sardines has been badly damaged. The CMC Company sells that 40% to a pet food company for use in their new dog food. The

remaining sardines continue onto New York. What is the correct country of origin of the remaining 60% imported by the CMC Company?

- A) Bermuda
- B) Denmark
- C) Mexico
- D) Norway
- E) Sweden

17. Customs bills for additional duties assessed upon liquidation or reliquidation are due in how many days from the date of such liquidation or reliquidation?

- A) 5
- B) 10
- C) 15
- D) 30
- E) 90

18. What is the amount of the bond required for tools of trade entered temporarily under subheading 9813.00.50 HTSUS?

- A) no bond is required
- B) 1 times the duties, including fees
- C) 2 times the duties, including fees
- D) 3 times the duties, including fees
- E) 110 percent of the duties, including fees

19. Which of the following is **NOT** evidence of the right to make entry?

- A) a bill of lading
- B) an extract of a bill of lading
- C) a carrier's certificate
- D) a blanket carrier's release
- E) a copy of an invoice

20. A non-quota inbond shipment arrives at the port of Pittsburgh on 1/6/98. It was exported from China on 12/12/97 and moved inbond on an Immediate Transportation entry from Detroit to Pittsburgh on 12/28/97. The importer would like to take advantage of the new 1998 tariff rate of 2% rather than the 10% he has been paying. The importer's broker informs him that he cannot use the new 1998 tariff rate of 2%. Which of the following is the correct reason why the importer cannot use the new 1998 tariff rate of 2%?

- A) The 1998 tariff rates only apply to consumption entries with an import date of 1998.
- B) The 1998 tariff rates only apply to entries with a date of export in 1998.

- C) The 1998 tariff rates only apply to warehouse entries with an entry date on or after 1/1/98.
- D) The 1998 tariff rates only apply to Immediate Transportation entries accepted on or after 1/1/98.
- E) The 1998 tariff rates only apply to Immediate Transportation entries with an export date on or after 1/1/98.
21. Sharon exports dolls made in the U.S. While the goods are in the process of being transported from the U.S. to Italy to be sold, Sharon receives a phone call from her foreign buyer in Italy. The foreign buyer tells her he is going bankrupt and not to send the dolls. Sharon promptly calls the carrier and arranges for the return of the dolls. The dolls never left the custody of the carrier and on October 12th they are returned to Sharon in the U.S. as undeliverable articles. Which of the following options is correct?
- A) Sharon must file a consumption entry for the dolls.
- B) Sharon can informally enter the dolls on a baggage declaration.
- C) Sharon must enter the goods as American goods returned.
- D) Sharon must enter the merchandise as a warehouse entry until she receives a certificate of origin.
- E) Sharon does not have to make entry because the articles are exempt from entry.
22. XYZ Plastics, Inc., agrees to purchase some plastic components from an unrelated foreign manufacturer, ABC Plastico. ABC Plastico informs XYZ Plastics, Inc. that it will need to acquire some new molds in order to fill the order. The going retail price for such molds is \$17,000. XYZ Plastics, Inc. advises ABC Plastico not to purchase new molds, because XYZ Plastics, Inc. has some used ones on hand, which will be express shipped to ABC Plastico at the earliest opportunity. XYZ Plastics, Inc. will not charge ABC Plastico for the use of its molds. XYZ Plastics, Inc. acquired these molds two years ago from a related U.S. company, B&C Moldmakers, Inc., for \$15,000. B&C Moldmakers, Inc.'s production records reflect a production cost of \$13,500. After two years of use by XYZ Plastics, Inc., the depreciated value of the molds is \$7,000. The cost of transporting the molds to ABC Plastico is \$500. Upon importation the plastic components are appraised under transaction value. Which of the following is the value of the assist?
- A) \$17,500
- B) \$15,000
- C) \$13,500
- D) \$ 7,500
- E) \$ 500
23. Which of the following is an **INCORRECT** statement regarding warehouse withdrawal for exportation?
- A) Merchandise in bulk and packaged articles which are customarily bought and sold by weight, gauge, or measure may not be withdrawn for exportation or transportation.
- B) Merchandise withdrawn for indirect exportation (transportation and exportation) shall be forwarded to the port of exportation in accordance with general provisions for transportation in bond.
- C) Merchandise may be withdrawn from warehouse for exportation by mail in accordance with the provisions of subpart F of 19 CFR 145.
- D) Merchandise withdrawn from warehouse and admitted into a foreign trade zone in zone- restricted status is considered exported.
- E) If any part of a shipment is not exported or if a shipment is divided at the port of exportation, extracts in duplicate from the

manifest on file in the Customhouse shall be made on Customs Form 7512 for each portion.

24. Your brokerage firm prepares an immediate transportation entry (I.T.) with the port of delivery as New York. After receiving authorization from U.S. Customs for the New York movement, and while the merchandise was in transit, the importer tells you that he sold the merchandise to a Customer in Miami. To facilitate delivery to Miami which of the following is the correct course of action?
- A) cancel the inbond document
 - B) return the merchandise to the port of arrival and file a new immediate transportation entry
 - C) tell the importer that he needs to wait until the merchandise is delivered in New York and then find a new alternative
 - D) tell the importer that diversion of an inbond shipment is never authorized by Customs
 - E) move the merchandise directly to Miami using the same document
25. An importer imports merchandise and files a “live” entry, i.e., entry summary documentation is filed and estimated duties are deposited prior to release. The port director may waive the requirement for surety or cash deposit on the bond in which of the following circumstances?
- A) The importer is related to the foreign seller and consequently, questions have been raised about the applicability of the transaction value.
 - B) The merchandise is subject to quota.
 - C) The importer is on Customs “sanctions list” for delinquent payment of duties, taxes, and fees.
 - D) The importer has received several requests for redelivery on prior shipments of similar merchandise.
 - E) The merchandise is valued at \$2,500 and is the subject of a classification ruling issued by Customs.
26. Under certain circumstances, the port director may require that the entry summary documentation be filed and the estimated duties be deposited at the time of entry and before the merchandise is released. Which one of the following circumstances is **NOT** justification for such a requirement?
- A) An importer has not legally marked his merchandise.
 - B) An importer has repeatedly failed to file timely entry summary documentation without justification.
 - C) An importer has repeatedly delivered entry summary documentation which is incomplete or contains erroneous information.
 - D) An importer is substantially or habitually delinquent in the payment of Customs bills.
 - E) An importer has not taken prompt action to settle a claim for liquidated damages issued for failure to file entry summary documentation timely.
27. Jane Smith decides to request the termination of her basic importation bond. She writes a letter to the port director requesting termination but she forgets to include an effective termination date. Customs will do which of the following?

- A) process immediately upon receipt
 - B) return the letter and request a termination date
 - C) terminate the bond the day following the date of receipt by Customs
 - D) terminate the bond the 5th business day following the date of receipt by Customs
 - E) terminate the bond the 10th business day following the date of receipt by Customs
28. Which of the following types of merchandise may **NOT** be entered under informal entry procedures?
- A) household effects of an emigrant, purchased and used at least five years prior to importation, valued at \$8,000
 - B) the third and last installment of a shipment of beet sugar, covered by a single order to one consignee, which arrives at the port of entry nine days after the first installment, and the total invoice price is \$3,300 and each installment \$1,100
 - C) motion-picture films valued at \$15,000
 - D) a U.S.-made letter sorting machine with a retail value of \$7,500, returned to the manufacturer for repair
 - E) a commercial shipment of bicycle tires valued at \$900
29. A city water company imports pumps from Japan. These pumps are used exclusively with the water meters at the main plant. The pumps incorporate an LED readout which measures the rate of water being pumped. What is the correct classification of the pumps?
- A) 8413.11.0000
 - B) 8413.19.0000
 - C) 8413.91.9080
 - D) 9028.20.0000
 - E) 9028.90.0080
30. Which one of the following types of merchandise may **NOT** be entered by appraisement entry?
- A) personal effects of a citizen of the United States who has died abroad
 - B) secondhand articles whose value cannot be declared
 - C) tools of trade of a person arriving in the United States
 - D) goods damaged at the port of arrival during unloading
 - E) merchandise recovered from a wrecked or stranded vessel
31. Joe imports 10 dozen pairs of shoes and later exports all of the shoes to Mexico. The shoes were stored in a warehouse until exported. Which of the following is correct?
- A) Joe can claim same condition drawback without regard to the NAFTA "lesser of the two" rule.
 - B) Joe cannot claim drawback since the shoes were exported to a NAFTA country.
 - C) Joe can claim the lesser amount of the duties paid to Mexican Customs or U.S. Customs.
 - D) Joe can only claim drawback on the duties paid to Mexican Customs.
 - E) Joe cannot claim any drawback unless he exports the shoes from Mexico.

32. The Glove Company has a shipment of gloves which must be classified. The gloves are 90% rubber and 10% plastic and are sold to doctor's offices for medical use. What is the proper classification of the gloves?
- A) 3926.20.1010
 - B) 4014.90.5000
 - C) 4015.11.0000
 - D) 4016.99.6050
 - E) 6216.00.2600
33. Which of the following quota categories applies to woven 100% silk dresses from China?
- A) Category 336
 - B) Category 436
 - C) Category 636
 - D) Category 736
 - E) Category 836
34. Which of the following types of merchandise **CANNOT** be placed in a warehouse?
- A) dynamite
 - B) firearms
 - C) firecrackers
 - D) fuel oil
 - E) televisions
35. Which of the following situations would prohibit the use of transaction value?
- A) The price at which the foreign seller sells the imported merchandise to the U.S. buyer/importer is dependent upon the buyer/importer's purchase of other merchandise from the foreign seller.
 - B) The U.S. buyer/importer is a subsidiary of the foreign seller and purchases merchandise at the same price afforded to non-subsidiary buyers
 - C) The U.S. buyer/importer provides to a foreign seller components valued at \$1,000 to be incorporated into the merchandise.
 - D) The foreign seller will receive a percentage of the U.S. buyer/importer's proceeds when he resells the merchandise in the U.S.
 - E) The foreign seller imposes a restriction on the U.S. buyer/importer that the U.S. importer can only resell the merchandise in the tri-state New York, New Jersey, and Connecticut area.
36. A piece of granite, measuring 1 meter in length, 0.5 meters in width, and 8 centimeters in thickness, has been cut and polished on the top and 3 of the sides. The granite will be used in making the foundation and steps for a new federal courthouse. What is the proper classification of the piece of granite?

- A) 6802.93.0060
- B) 6802.93.0025
- C) 6802.93.0010
- D) 2516.12.0060
- E) 2516.12.0030

37. A local hardware store is importing rolls of wire. The wire is round with a diameter of 1.4 mm, is made of zinc-plated non-alloy steel, and contains 1% carbon. What is the proper classification of this wire?

- A) 7217.90.5090
- B) 7217.20.4560
- C) 7217.10.8075
- D) 7212.20.0000
- E) 7210.30.0000

38. An importer plans to import ladies knit cardigans. The cardigans are 65% silk and 35% cotton. The construction of the cardigan consists of 8 stitches per 2 centimeters. All components of the cardigans are of Hong Kong origin. Which of the following is the correct classification of the cardigans?

- A) 6110.90.1060
- B) 6110.90.9036
- C) 6110.90.9038
- D) 6110.90.9042
- E) 6110.90.9090

39. The owner of a U.S. company imports 600 potato pies from his brother in Ireland. Customs concludes that the correct method of valuation to be used is deductive value. Upon research Customs discovers the following information:

- The merchandise was resold in the same condition as imported within 30 days following importation
- The importer paid an international shipping charge of 10 cents per potato pie
- The importer sold 400 of the potato pies for \$4.00 each to an unrelated U.S. firm, the remaining 200 potato pies were sold to a second unrelated firm for \$3.00 each
- The importer paid \$300 in Customs duties related to the shipment of imported potato pies

Based upon the information provided, what is the deductive value of the merchandise?

- A) \$2,040
- B) \$2,100

- C) \$2,340
- D) \$2,400
- E) \$2,640

40. José, Vice President of an Italian food corporation located in New York is importing tortellini from a company in Italy, an unrelated party. The company in Italy informs José that if he buys over 1,000 packages of the merchandise per month then \$200 of the money will be returned to José at the end of each month, following the importation of the tortellini as a separate transaction. José agrees to purchase 1,000 packages per month at \$1 per package. Which of the following statements is correct?

- A) The money returned to José is a rebate and therefore transaction value cannot be used to determine the value of the shipment.
- B) The money returned to José is a rebate, and transaction value can be used but the rebate will be disallowed.
- C) The money returned to José is a quantity discount and therefore transaction value of identical merchandise can be used to determine the value of the shipment.
- D) The money returned to José is a loyalty discount and therefore transaction value of identical merchandise can be used to determine the value of the shipment.
- E) The money returned to José is a rebate and therefore computed value can be used to determine the value of the shipment.

41. A German manufacturer sells a state-of-the-art piece of construction machinery to a U.S. construction firm. The contract price is \$90,000 C.I.F. delivered duty paid. The total contract price includes technical assistance in the U.S. for assembling and maintaining the machinery. The contract provides a breakdown of costs. Which of the following items **CANNOT** be excluded from transaction value?
- A) assembly costs at the construction site
 - B) Customs duties paid at the time of importation
 - C) transportation charges from the port of importation to the construction site
 - D) selling commissions paid to the manufacturer's agent by the buyer
 - E) insurance charges covering the international shipment of the machinery
42. ABC Brokers has authorized its unlicensed employee Joe to sign Customs documents on the its behalf, and has executed a valid Power of Attorney for this purpose. Which of the following is correct?
- A) Joe is unlicensed and even with a valid Power of Attorney he cannot sign Customs documents.
 - B) Joe can sign Customs documents without a valid Power of Attorney.
 - C) ABC Brokers cannot execute a valid Power of Attorney because Joe is unlicensed and therefore cannot sign Customs documents.
 - D) ABC Brokers, upon request from Customs, must furnish a copy of the Power of Attorney.
 - E) Joe is required to file the Power of Attorney with the port director.
43. Which of the following would be a dutiable assist?
- A) Importer Jim Jones will be buying watches from a Switzerland watch manufacturer. Jim Jones saw some watch bands that he especially likes in the United States. He buys the bands and then sells them to the Switzerland watch manufacturer to incorporate into the watches they will be making for him.
 - B) ZZ Bags, Etc. in Los Angeles will be buying tote bags made of bamboo with leather handles from Singapore Manufacturing Co., Ltd. ZZ Bags, Etc. knows of a reputable supplier of leather handles in Singapore, and arranges for Singapore Manufacturing Co., Ltd. to purchase the handles from the handle manufacturer to be used for the tote bags.
 - C) A New York retail toy store has contracted with Paris Toys to make a new game for toddlers. The New York toy store already has sketches of the game that were created by their art department in the U.S., which it will supply to Paris Toys for their use in making the game.
 - D) ABC, Inc., of Topeka, Kansas, will be importing plastic-covered jewelry boxes for young girls from XYZ Plastics, Ltd. of Brazil. The frame of the box is made of cardboard, which will be covered with plastic sheeting on which plastic imitation stones will be attached. ABC, Inc. will be supplying the plastic sheeting to XYZ Plastics free of charge to be used in making the jewelry boxes, and XYZ Plastics will source the cardboard and plastic stones domestically.
 - E) Cheapo Gifts of Boston will be importing one shipment of plastic animal figurines made by C&C Gifts, Ltd. of Taiwan. Cheapo Gifts already has the molds for the figurines, so they will sell the molds to C&C Gifts, Ltd. at their current market value. C&C Gifts, Ltd. will use these molds when it makes the figurines.
44. An incorporated import/export company imports some merchandise and the formal entry is filed on July 1, 1998. Which of the following statements is true regarding the legal date of liquidation?
- A) The entry will liquidate on the date posted on the bulletin notice of liquidation.

- B) The date the Courtesy Notice, Customs Form 4333-A is received by the filer will indicate the final liquidation date.
- C) Liquidation will occur 120 days after the entry date, or approximately December 1, 1998.
- D) The final liquidation will occur the date the duties are deposited.
- E) The date of liquidation will be the date printed on the receipt issued to the filer for duties collected.
45. Mary has an entry before her with a transaction value of \$10,975.62. The merchandise is dutiable at an ad valorem rate of 10%. In computing the duty, the ad valorem rate shall be applied to which of the following values?
- A) \$10,976.00
- B) \$10,975.62
- C) \$10,974.00
- D) \$ 1,976.00
- E) \$ 1,974.00
46. John files a same condition drawback claim on June 3rd. He indicates that the merchandise will be exported on Tuesday, June 7th. Has John complied with the applicable and appropriate regulations and why?
- A) Yes, because all John needs to do is file the CF-7539 prior to exportation.
- B) No, because John didn't give the required 2 weeks notice.
- C) Yes, because the regulations only require that Customs be notified within 3 working days prior to exportation.
- D) No, because the regulations require that the CF-7539 be filed at least 5 working days prior to intended date of exportation.
- E) Yes, because John can decide when it is appropriate to file the CF-7539.
47. On 11/24/97 Lucy imports components to a clock dutiable at 5%. Lucy places these components under non-privileged foreign status in a Foreign Trade Zone where the components are assembled into fine clocks dutiable at 10%. On 1/3/98 Lucy withdraws the clocks from the warehouse and files a consumption entry and entry summary for the merchandise. On 1/3/98 clock components were dutiable at 4% and clocks were dutiable at 8%. Which of the following is correct?
- A) the merchandise will be subject to a duty rate of 4%
- B) the merchandise will be subject to a duty rate of 5%
- C) the merchandise will be subject to a duty rate of 8%
- D) the merchandise will be subject to a duty rate of 10%
- E) the merchandise will be subject to a duty rate of 14%
48. Cindy worked for the U.S. Customs Service for 4 years as an Account Manager assigned to XYZ Imports' entries. During this time frame she uncovered many problem areas which she quickly brought to the attention of XYZ Imports' management. Upon retirement, Cindy passed the brokers exam and went to work for ABC Brokerage. Her first assignment was as XYZ Imports' broker, and involved liquidated damages penalties that Cindy had uncovered during her employment with the U.S. Customs Service. Which of the following is correct?
- A) Cindy can represent XYZ Imports as long as she has a brokers license.
- B) Cindy cannot represent XYZ Imports because as a former employee of the U.S. Government

- she has a conflict of interest.
- C) Cindy can represent XYZ Imports and does not need a brokers license to do so.
- D) Cindy cannot work for ABC brokers in any capacity because as a former employee of the U.S. Government she has a conflict of interest.
- E) Cindy cannot become a broker because as a former employee of the U.S. Government she has a conflict of interest.
49. ABC, Inc. filed a supplemental petition on a liquidated damages case and was denied. In order to file a second supplemental petition, the company needs to render payment in the amount determined on the first supplemental petition within how many days from the date of notice to the petitioner?
- A) 120 days
- B) 60 days
- C) 30 days
- D) 10 days
- E) 5 days
50. Carla, an importer, has had her Immediate Delivery privileges revoked. Carla contacts Jim of Smart Brokers. Carla asks Jim to file Immediate Delivery entries on Carla's behalf under Smart Brokers name, bond, and filer code. Which of the following is correct?
- A) Jim can file the Immediate Delivery entry on Carla's behalf using Smart Brokers name, bond, and filer code.
- B) Jim cannot file the Immediate Delivery entry on Carla's behalf using Smart Brokers name, bond, and filer code.
- C) Jim can file the Immediate Delivery entry on Carla's behalf, but only if Carla's name, bond, and filer code are used.
- D) Jim cannot file the Immediate Delivery entry on Carla's behalf, only the importer of record may file an Immediate Delivery entry.
- E) Jim can file the Immediate Delivery entry on Carla's behalf using Smart Brokers name, bond, and filer code, but only with a valid Power of Attorney.
51. In 1992, The United Kingdom based company, XYZ Media, imported from Japan into the U.S. video tape recorders with world wide capabilities and paid the necessary duties, taxes, and fees. In the fall of 1997, XYZ Media decides to go global and agrees to rent the video tape recorders for \$100 to their customers in the U.S. for use on their travels in the U.S. and overseas. The travelers soon discover that the video tape recorders lack the technical capabilities to integrate with European televisions. Therefore, in January of 1998, XYZ Media reimports all of these video tape recorders to its headquarters in New York. The entries made in 1998 are correctly classified under which of the following?
- A) 8521.00.60
- B) 9801.00.20
- C) 9801.00.25
- D) 9802.00.50

- E) 9810.00.30
52. A protest has been denied in part and the importer disagrees with Customs' decision. Which of the following options is correct?
- A) the importer may file another protest
 - B) the importer has no more options
 - C) the importer may ask Customs for internal advice on the protest
 - D) the importer may request in writing a Customs Headquarters ruling on the protest
 - E) the importer may file a civil action in the U.S. Court of International Trade
53. A permissive seizure would be inappropriate for which of the following items, if the items are introduced or attempted to be introduced into the United States contrary to law?
- A) shirts with a copyrighted insignia which is being imported without permission.
 - B) twenty pounds of heroin intermingled in a shipment of televisions
 - C) Smith & Wesson handguns imported without proper authority from the Bureau of Alcohol, Tobacco & Firearms
 - D) vegetables imported without proper authority from the U.S. Department of Agriculture
 - E) medications not approved by the U.S. Food and Drug Administration
54. Under 19 U.S.C. 1313(b), the provision for substitution manufacturing drawback, designated merchandise must be used in production within _____ after receipt at the factory, and the completed articles must be exported within _____ after importation of the designated merchandise.
- A) 5 years; 3 years
 - B) 3 years; 15 years
 - C) 3 years; 5 years
 - D) 3 years; 3 years
 - E) 1 year; 5 years
55. Which of the following statements is **INCORRECT**?
- A) Customs, prior to liquidation, may correct a clerical error that resulted in the overpayment of duties under 19 USC 1520(a)(4).
 - B) A filer, under 19 USC 1520(c)(1), may correct a clerical error within 1 year after the date of liquidation.
 - C) An importer, under 19 USC 1520(d), may file a claim for refund of any excess duties within 1 year from the date of importation.
 - D) An importer has 90 days from the date of liquidation to file a valid protest (19 USC 1514).
 - E) A filer can protest, under 19 USC 1520(a), Customs refusal to pay a claim for drawback.
56. Assuming no additional time is authorized, a person who is liable to Customs for a fine must pay the fine or petition for relief

within how many days from the mailing date of the violation/penalty notice to avoid referral to the U.S. Attorney General or the U.S. Department of Justice?

- A) 5
- B) 10
- C) 30
- D) 90
- E) 120

57. Which of the following items, if furnished free of charge by the U.S. buyer to the foreign manufacturer, is **NOT** an assist?

- A) steel used to make wire
- B) rubber tips of English origin for pointers
- C) blueprints drafted in Mexico for toy trains
- D) U.S. precut components for ladies dresses
- E) engineering plans produced in the U.S.

58. Kim had her broker Joe file a protest on her behalf the day after the entry liquidated. Fourteen weeks later, Kim contacted Joe to see if she could amend her claim by submitting additional arguments. At this point Customs had not rendered a decision on the protest. Which of the following is correct?

- A) Joe will advise Kim that they can amend the protest and submit additional claims because Customs has not rendered a decision on the protest.
- B) Joe will advise Kim that amendments and the submission of additional arguments are not permitted.
- C) Joe will advise Kim that there is nothing they can do until Customs renders its decision.
- D) Joe will advise Kim that there is nothing they can do because the 90 day limit has expired.
- E) Joe will advise Kim that they can amend the protest and submit additional claims because the 120 day period has not expired.

59. Which of the following statements does **NOT** correctly describe the function of section and chapter notes in the HTSUS?

- A) Section and chapter notes define the scope or limits of a heading or subheading.
- B) Section and chapter notes provide lists of goods excluded from inclusion in a particular section, chapter, heading, or subheading.
- C) Section and chapter notes have the same legal weight as the headings themselves.
- D) Section and chapter notes are usually helpful to the classifier whenever a heading or subheading in the applicable section or chapter is being considered.
- E) Section and chapter notes have the same legal weight as the chapter titles.

60. A U.S. company imports a shipment of gold wedding bands directly from Mexico. The classification is determined to be 7113.19.5000. The producer of the goods has provided information that states the gold is mined in Mexico and the rings are completely manufactured there. Which of the following is correct?

- A) the rings are not eligible for special tariff treatment and the Column 1 rate of duty shall apply
- B) the rings are eligible for special tariff treatment under the Andean Trade Preference Act
- C) the rings are eligible for special tariff treatment under the Caribbean Basin Economic Recovery Act
- D) the rings are eligible for special tariff treatment under the Generalized System of Preferences program
- E) the rings are eligible for special tariff treatment under the North American Free Trade Agreement

61. An importation consisting of the following is to be entered:

30,000 gift boxes, valued at \$1 each, manufactured in Italy

- 10,000 of the gift boxes are empty
- 20,000 of the gift boxes each contain four lead crystal drinking glasses, valued at \$1.25 per glass, manufactured in Poland

Assume that the proper subheading for such paper gift boxes is 4819.50.40 and that the proper subheading for such glassware is 7013.21.20. Note that both tariff numbers indicate "A" in the Special Rate Column and that Poland is a GSP beneficiary country. How much duty should be paid?

- A) \$ 0
- B) \$ 320
- C) \$ 960
- D) \$10,000
- E) \$14,000

62. Pitted black olives are imported in bulk in a preservative solution. After importation the olives will be cleaned and repackaged prior to retail sale. Which of the following is the correct classification?

- A) 0709.90.3500
- B) 0711.20.1800
- C) 0711.20.4000
- D) 0712.90.1500
- E) 0712.90.2000

63. An airline plans to import a composite good which it will give away to its passengers. The good is a combination hairbrush/comb. The good is made of plastic and is valued at \$1.00. Neither of the components gives the article its essential character. Under which of the following HTSUS subheadings is the good properly classified?

- A) 9603.21
- B) 9603.29
- C) 9605.00
- D) 9615.11

- E) 9615.19
64. A shipment of cigars arrives in Miami from Nicaragua. The shipment contains 10,000 cigars with a total value of \$2000. To assure the quality of his product, the Nicaraguan manufacturer has declared to the importer that all of the materials used to make the cigars came directly from his farm in Nicaragua. He also only uses local Nicaraguan labor to hand roll these cigars. Which of the following is the correct rate of duty for the cigars?
- A) \$2.66 / kg + 6.6%
 - B) \$2.10 / kg + 5.2%
 - C) 80¢ / kg + 1.9%
 - D) 63¢ / kg + 1.5%
 - E) \$0.00
65. An U.S. importer is importing a shipment of black pekoe tea from China. The tea is packaged in individual single serving bags that will be used by the hotel industry for placement in hotel rooms. Which of the following is the correct classification?
- A) 0901.90.2000
 - B) 0902.10.9000
 - C) 0902.30.0010
 - D) 0902.30.0090
 - E) 0903.00.0000
66. What is the time limitation for filing a protest on the denial of a 520(c)(1) petition?
- A) within 90 days from the date of denial of the petition
 - B) within 90 days from the date of liquidation
 - C) within one year from the date of denial of the petition
 - D) within one year from the date of liquidation
 - E) within one year from the date of receipt by Customs of the petition
67. A shipment of 250 clarinets and their cases is imported from Taiwan. Which of the following alternatives is the correct classification?
- A) 9205.90.4020 for the clarinets and 4202.92.5000 for the cases using the principles of GRI-1
 - B) 9205.90.4020 for the clarinets and 4202.92.5000 for the cases using the principles of GRI-2(a)
 - C) 4202.92.5000 for both the clarinets and cases using the principles of GRI-3(b)
 - D) 9205.90.4020 for both the clarinets and cases using the principles of GRI-3©
 - E) 9205.90.4020 for both the clarinets and cases using the principles of GRI-5(a)
68. An "X" appearing in the column for "units of quantity" in the HTSUS means which of the following?

- A) the merchandise is subject to tariff-rate quota
 - B) the merchandise is subject to an absolute quota
 - C) no quantity other than gross weight is to be reported
 - D) the merchandise is subject to Federal excise tax
 - E) the quantity of the merchandise is to be reported in units
69. According to which General Rule of Interpretation would you classify a boxed gift set which includes a brush, comb, mirror, and lipstick case?
- A) GRI 1
 - B) GRI 3
 - C) GRI 5
 - D) GRI 6
 - E) Additional US Rule of Interpretation 1(b)
70. A camera shop imports from China disposable, 35 mm, color cameras with a built-in flash. The unit price is \$4.00 each. What is the correct classification of the cameras?
- A) 9006.40.6000
 - B) 9006.52.6000
 - C) 9006.53.0010
 - D) 9006.53.0020
 - E) 9006.59.6000
71. A shipment of men's leather coats has arrived from India. Each coat has a nylon lining which makes up 20% of the weight of the coat. Each coat also has fur trim at the collar and cuffs. Which of the following is the correct classification?
- A) 4203.10.4010
 - B) 4203.10.4030
 - C) 4203.10.4060
 - D) 4303.10.0060
 - E) 6101.30.1000
72. Statement processing is a voluntary automated program for participants in the Automated Broker Interface (ABI), allowing the grouping of entry/entry summaries and entry summaries on a daily basis. Entry/entry summaries must be designated for statement processing within how many working day(s) after the date of entry?
- A) 1
 - B) 2
 - C) 5
 - D) 10
 - E) 30

73. A well-known celebrity is importing a shipment of expensive wallets made of cowhide leather. The wallets are made in Bolivia using only Bolivian materials and labor. What is the correct rate of duty for the wallets?
- A) Free
 - B) 3.9%
 - C) 4.0%
 - D) 6.4%
 - E) 8.0%
74. A mattress company has imported cotton mattresses made entirely in Mexico. The invoice value is \$25,000, FOB El Paso, Texas. There are no additions to be made to the invoice price, and there is no apparent reason not to use transaction value. What is the total amount of duty that will be paid on this shipment?
- A) \$ 0
 - B) \$ 750
 - C) \$ 900
 - D) \$ 2,900
 - E) \$25,000
75. Alex is importing a shipment of attache cases from Korea. The outer surface of each case is composed of a blend of polyester and nylon. Which of the following textile categories will apply to the cases?
- A) 369
 - B) 440
 - C) 670
 - D) 870
 - E) the cases are not subject to textile categories
76. ABC Corporation plans to import patio furniture. The chairs will come from Taiwan, the table from China, and the umbrella from Thailand. The items will be packed together after they arrive in the United States, and will be sold as a patio set. Which of the following is the correct classification of the patio umbrella?
- A) 9401.79.0015
 - B) 9401.79.0005
 - C) 9401.70.8030
 - D) 6601.99.0000
 - E) 6601.10.0000

77. 2,700 cartons of porcelain were stored in a bonded warehouse. On December 15, 1997, the warehouse proprietor discovers a hole in the bonded cage fence. After conducting a three day inventory he realizes that 2,100 cartons are missing and could have been stolen. The warehouse proprietor notifies the importer and then must do which of the following?
- A) Notify the port director and ensure that the applicable duties and taxes on stolen merchandise are paid within 5 working days after discovery.
 - B) Notify the port director and ensure that the applicable duties and taxes on stolen merchandise are paid within 10 working days after discovery.
 - C) Notify the port director and ensure that the applicable duties and taxes on stolen merchandise are paid within 30 working days after discovery.
 - D) Notify the port director and report it as a clerical error.
 - E) Notify the port director and report the loss as a casualty.
78. An investment banker is importing a solid mahogany billiard table from Thailand for the game room in his home. The value of the table is \$15,000. What rate of duty will be paid on this importation?
- A) Free
 - B) 0.5%
 - C) 3.7%
 - D) 33_%
 - E) 40.0%
79. Ultra suede fabric of Italian origin and lining fabric of Chinese origin are imported into the United States. In North Carolina, T&T Suede Company cuts the ultra-suede and lining fabrics into jacket components. T&T Suede exports the components to Mexico and receives a refund on the duty it paid on the ultra-suede fabric from Italy. Zippers of U.S. origin are also exported to Mexico. In Mexico, ABC Inc. sews the ultra-suede, lining components, and zippers together to make jackets and imports them into New York. Assuming the proper documentation requirements are satisfied which of the following is the correct explanation of the duty payable?
- A) Duty is payable on the full value of the jackets, less the value of the ultra-suede, lining, and zippers since these components are products of the U.S.
 - B) Duty is payable on the full value of the jackets, less the value of the lining and zippers since these components are products of the U.S.
 - C) Duty is payable on the full value of the jackets, less the value of the ultra-suede and lining since these components were cut to shape in the U.S., and less the value of the zipper since this component is a product of the U.S.
 - D) Duty is payable on the full value of the jackets, less the value of the lining since this component was cut to shape in the U.S., and less the value of the zipper since this component is a product of the U.S.
 - E) No duty is payable as the jackets were assembled in Mexico.
80. Assume that chairs from India are classifiable under a GSP designated item number and that they are sold for export at a price of \$10.00 each. Included in the price are the following costs:

Wood, origin India		\$1.00
Upholstery, origin China	\$2.50	
Hardware, origin U.S.		\$1.50
Labor		\$2.00
Depreciation on Machinery		\$1.00
Advertising costs	\$0.50	
<hr/>		
Total		\$8.50

Which of the following contributes to GSP eligibility?

- A) wood, and labor only
- B) wood, labor, and depreciation only
- C) wood, upholstery, hardware (materials produced in India), labor, and depreciation only
- D) wood, upholstery, hardware (materials produced in India), labor, and advertising only
- E) wood, upholstery, hardware (materials produced in India), labor, depreciation, and advertising

STOP.
THIS IS THE END OF THE TEST.
You may use the remaining time to go back and check your answers.

Test No. 581, Series 140, October 5, 1998
DRAFT ITEM KEY

Item	Key	Content Area:
1	A	CFR 174.24
2	C	CFR 181.53(b)(2)
3	B	CFR 18 & 102.19
4	C	CFR 111.30(d)
5	B	CFR 19.1
6	A	CFR 101.5
7	C	CFR 134.35
8	D	CFR 111 Subpart C
9	A	CFR 10.31(h)
10	E	CFR 111.3
11	B	CFR 111.29
12	D	CFR 113.24
13	D	CFR 132, HTS IV
14	A	CFR 134.2
15	D	CFR 132.14 & 142.21(e)(2)
16	C	CFR 102.11 & 134.1
17	C	CFR 24.3 & 24.3(a)
18	E	CFR 10.31(f)
19	E	CFR 141.11 & 141.33
20	D	CFR 141.69(b) & 142.22(b)(3) & 18.11
21	E	CFR 141.4(b)(4)
22	D	CFR 152.103(d)(2)

Item	Key	Content Area:
23	A	CFR 144.37
24	E	CFR 18.5(a)
25	E	CFR 142.4(c)
26	A	CFR 142.13
27	E	CFR 113.27(a)
28	E	CFR 143.21
29	B	HTS XVIII, Ch. 90, Note 1(g)
30	D	CFR 143.11 & 143.12
31	A	CFR 181.45
32	C	HTS VII, p. 40-11
33	D	HTS XI, p. 62-29
34	A	CFR 144.1
35	A	CFR 152.103j(1)(I)
36	A	HTS XIII, 69-3
37	B	HTS XV, Ch. 72
38	C	HTS XI, p. 61-40
39	A	CFR 152
40	B	CFR 152.103
41	D	CFR 152.103(b)(I) & (ii)
42	D	CFR 111.3(b) 1
43	D	CFR 152.102
44	A	CFR 159.9

**Test No. 581, Series 140, October 5, 1998
DRAFT ITEM KEY**

Item	Key	Content Area:
45	A	CFR 159.3
46	D	CFR 191.141
47	C	CFR 146.65 & 146.42
48	B	CFR 111.31
49	B	CFR 172.33(c)(1)
50	B	CFR 142.25(b)
51	B	HTS XXII
52	E	CFR 174
53	B	CFR 162.23(a) & (b)
54	C	CFR 191.32
55	E	CFR 174 & 173
56	C	CFR 162.32
57	E	CFR 152
58	A&D	CFR 174.14 & 174.28
59	E	HTS GRI-1
60	E	HTS GN 3(c)
61	B	HTS GRI 5(b)
62	C	HTS II, Ch 7
63	D	HTS GRI 3(c)
64	E	HTS IV, p. 24-8
65	C	HTS II, Ch. 9
66	A	CFR 173 & 174.12
67	E	HTS GRI 5(a)

Item	Key	Content Area:
68	C	HTS GSN 4(a)
69	B	HTS GRI 3
70	C	HTS XVIII, Ch. 90
71	B	HTS VIII, p. 42-9
72	D	CFR 24.25(e)
73	D	HTS VIII, p. 42-5
74	B	HTS XX, 94-6
75	C	HTS XXII
76	E	HTS XII, p. 66-2
77	B	CFR 19.12(3)
78	A	HTS XX, Ch. 94, Note 1(1)
79	D	CFR 181
80	C	CFR 10.176 & 10.177 & 10.178