

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 (2009)**
- **Title 19, Code of Federal Regulations** Revised as of April 1, 2009 (Parts 1-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
  - Appendix H – Census Warning Messages
  - Appendix L – Drawback Errors
  - Glossary of Terms
- **Instructions for Preparation of CBP Form 7501 (8-30-2005)**
- **C-TPAT – Minimum Security Criteria for Customs Brokers (3-20-2007)**
- **Submission Changes for Supplemental Information Letters and Post Entry Amendments**
- **Remote Location Filing Eligibility Requirements (4-18-2005)**
- **Directives**
  - 3510-004, Monetary Guidelines for Setting Bond Amounts
  - Amendment to 3510-004 for Certain Merchandise Subject to Antidumping/Countervailing Duty Cases
  - 3550-055, Instructions for Deriving Manufacturer/Shipper Identification Code
  - 3550-067, Entry Summary Acceptance and Rejection Policy
  - 3550-079A, Ultimate Consignee at time of Entry or Release
  - 3560-001A, Census Interface-Processing Procedures
  - 5610-002A, Standard Guidelines for the Input of Names and Addresses Into Automated Commercial System (ACS) Files

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.**

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

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## **Customs Broker License Examination**

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## **Section 1: ENTRY**

1. CBP will **NOT** reject an entry summary whose duties, taxes and fees total \$550 merely because \_\_\_\_\_.
  - A. the CBP Form 7501 Block 39 Summary is missing or incorrect
  - B. there is not a duty check attached and there is not a letter from the broker stating that the entry summary is submitted without payment
  - C. the check submitted is made payable to CBP in the amount of \$556, and no authorization to collect excess monies is attached
  - D. a single transaction bond for \$55 is attached to the entry
  - E. payment is tendered with an uncertified check drawn on a bank in Guam
  
2. When the importing carrier receives less than the manifested quantity, the importer may file an entry summary for consumption for less than the invoiced and manifested quantity provided that the \_\_\_\_\_.
  - A. merchandise is unconditionally duty free
  - B. importer files with his entry summary a CBP Form 5931 in triplicate and the dock receipt or other documents evidencing nonreceipt of the merchandise
  - C. carrier had to discard portions of perishable merchandise because it presented health hazards
  - D. importer submits evidence that he changed his purchase order after the invoice was prepared and before the shipment was laden on the importing vessel
  - E. carrier files a CBP Form 4315 in triplicate with the entry/immediate delivery for release of nonperishable merchandise
  
3. An importer imports integrated circuits for use in various network and computer equipment. The component circuit chips are “substantially transformed” in either Singapore, China, Great Britain, or Mexico. The finished integrated circuits are shipped to the importers distribution center in Texas, commingled into large receiving bins, tested, and repackaged for consumers in the United States. The outermost container for the ultimate purchaser should state \_\_\_\_\_.
  - A. Repackaged in the United States of America of foreign components
  - B. English integrated circuits
  - C. Made in one or more of the following countries: Singapore, China, Great Britain, Mexico
  - D. Made in one or more of the following countries: SG, CN, EN, MX
  - E. Made in the United States of foreign and domestic parts

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4. What is the reporting quantity on the CBP Form 7501 for a shipment of polyester woven fabric, classified as 5407.74.0060, that is imported on 430 rolls, each measuring 52 inches in width by 60 yards in length? (Note: One meter = 39.37 inches.)
- A. 655 square meters
  - B. 866 square meters
  - C. 31,160 square meters
  - D. 34,077 square meters
  - E. 37,266 square meters
5. The ad valorem merchandise processing fee is assessed on which one of the following?
- A. Products of the insular possessions of the United States
  - B. Merchandise originating in Germany that is released under a special permit for immediate delivery and then formally entered
  - C. Goods originating in Mexico within the meaning of General Note 12, HTSUS, where such goods qualify to be marked as goods of Mexico pursuant to Annex 311 of the North American Free Trade Agreement and without regard to whether the goods are marked
  - D. Merchandise imported by mail
  - E. Articles exported from the United States, which are returned within 45 days after such exportation from the United States as undeliverable and which have not left the custody of the carrier or foreign customs service
6. What is the proper amount of drawback per unit due to a U.S. producer who imports material from Japan, pays \$2 per unit in duty, deposits \$1 in anti-dumping duties per unit, and then uses the material as a component in the manufacture of a NAFTA-originating product he exports to Canada? (Note: The product is entered in Canada at a FREE rate of duty.)
- A. \$0
  - B. \$1
  - C. \$2 plus the portion of the Merchandise Processing Fee apportioned to the material
  - D. \$2
  - E. \$3

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7. Which statement is **TRUE** for an ocean shipment of merchandise, valued at \$18,000, which is unladen in San Francisco and sent inbond by air to Laredo for entry?
- A. Harbor maintenance fees are not due on the shipment because it was sent by air to the port of entry
  - B. The minimum value of the Harbor Maintenance Fee is \$25
  - C. Harbor maintenance fees assessed on the value of commercial cargo are due when entry is made in Laredo
  - D. Neither merchandise processing fees nor harbor maintenance fees are due on this shipment
  - E. Harbor maintenance fees assessed on the value of commercial cargo must be paid to CBP in San Francisco
8. CBP Form \_\_\_\_\_ shall be used for merchandise formally entered for consumption. The entry summary for merchandise which may be entered free of duty may be on CBP Form \_\_\_\_\_.
- A. 3311; 5106
  - B. 3461; 5106
  - C. 7501; 3311
  - D. 7501; 3461
  - E. 7501; 5106
9. Which are **NOT** considered indirect materials for determining the country of origin for Canadian merchandise?
- A. Thread and buttons
  - B. Fuel and energy
  - C. Catalysts and solvents
  - D. Tools, dies and molds
  - E. Gloves, glasses and footwear
10. A shipment of bananas arrives in the U.S. on October 1. Entry is attempted on October 3, but the Food and Drug Administration's Prior Notice requirement has not been satisfied. When does the merchandise become eligible for General Order?
- A. 1 day after entry attempted
  - B. 3 days after public notice
  - C. 5 days after the shipment arrives in the U.S.
  - D. 15 business days after the shipment arrives in the U.S.
  - E. Whenever the port director determines entry cannot be made

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11. Merchandise may be transferred from one bonded warehouse to another at the same port under CBP supervision with concurrence of which one of the following?
- A. The cartman and the receiving warehouse
  - B. The proprietor of the receiving warehouse
  - C. The Port Director and the proprietor of the delivering warehouse
  - D. The Port Director, the cartman and the proprietor of the receiving warehouse
  - E. The proprietors of the delivering and receiving warehouses
12. Which statement is **FALSE** when referring to filer codes?
- A. The broker shall use the assigned filer code as the beginning three characters of the number for all CBP entries filed in only the ports, which are listed and approved on the initial filer code application
  - B. CBP will assign a unique 3 character (alphabetic, numeric or alpha numeric) entry filer code to all licensed brokers filing CBP entries
  - C. CBP shall make available electronically a listing of filer codes and importers, and Customs brokers assigned those filer codes
  - D. If an importer does not have an assigned entry filer code, or if the port director refuses to allow use of an assigned entry filer code, the importer or broker shall obtain forms with a CBP assigned pre-printed machine readable entry number with a computed check digit
  - E. The Assistant Commissioner, Office of International Trade may refuse to allow use of an assigned entry filer code if it is misused by the importer or broker
13. The filing of one entry summary for merchandise released under multiple entries is **PRECLUDED** when the merchandise \_\_\_\_\_.
- A. is consigned to one consignee
  - B. is quota-class merchandise
  - C. crosses the border by land on several trucks
  - D. is exported from Mexico
  - E. country of origin is Honduras
14. A bona fide gift worth \$90, sent by means other than the mail, is entered by presenting the bill of lading. Which one of the following categories of information is **NOT** required to be filed as a part of such entry?
- A. Country of origin
  - B. Quantity
  - C. Shipping weight
  - D. Harmonized tariff number to the sixth digit
  - E. Value

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15. Which is **NOT** a requirement for a broker to participate in Remote Location Filing?
- A. Having a National Permit
  - B. Having a certificate to obtain a distribution of dumping offsets for the entry he intends to file using Remote Location Filing
  - C. Being operational on the Automated Broker Interface
  - D. Having a District Permit
  - E. Being operational on the Automated Clearing House 30 days before applying for Remote Location Filing

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## **Section 2: CLASSIFICATION**

16. What is the duty rate for NAFTA-originating fresh cucumbers from Mexico released under a special permit for immediate delivery on February 23, 2009 if the entry summary is filed in proper form on March 8, 2009?
- A. 1.5 cents/kilogram
  - B. 4.2 cents/kilogram
  - C. 5.6 cents/kilogram
  - D. 6.6 cents/kilogram
  - E. Free
17. What is the classification for an original abstract jade sculpture made by a recognized artist in 1892?
- A. 7103.99.5020
  - B. 7116.20.4000
  - C. 7116.20.5000
  - D. 9703.00.0000
  - E. 9706.00.0000
18. What is the classification for a set of four (4) glass dessert dishes valued at \$5.65 per set, not specially tempered and not cut or engraved?
- A. 7013.37.2000
  - B. 7013.49.1000
  - C. 7013.49.2000
  - D. 7013.49.6000
  - E. 7013.99.9000
19. What is the classification for copper wind chimes?
- A. 7419.99.5050
  - B. 8306.10.0000
  - C. 8306.29.0000
  - D. 9206.00.6000
  - E. 9206.00.8000

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20. What **QUANTITY** should be reported on the CBP Form 7501 for a shipment of 50% liquid caustic soda classified in 2815.12.0000 and weighing 8,836,165 pounds (4,008.022 metric tons) liquid and 4,442,823 pounds (2,015.233 metric tons) dry?
- A. 2,015,233 kg  
4,008,022 kg
  - B. 4,008,022 t  
2,015,233 t
  - C. 4,000,000 kg  
2,015,233 kg
  - D. 4,008,022 kg  
2,015,233 kg
  - E. 8,836,165 lbs  
4,442,823 lbs
21. What is the classification of pancake syrup composed of 38% refined sugar, 22% palm sap, 20% coconut juice flavoring, and 20% water? The product is blended, packaged in 25 ounce bottles, and heat sterilized.
- A. 1701.91.3000
  - B. 1702.30.4080
  - C. 2106.90.4600
  - D. 2106.90.9990
  - E. 2106.90.9998
22. What is the classification of bowling ball bags with padded carrying handles, shoulder straps, and two exterior two pockets, and measuring 31 centimeters x 33 centimeters x 21 centimeters? Each bag has a full zippered opening to an interior specially shaped to hold a single bowling ball. The internal and external surfaces of each bag are constructed of plastic sheeting.
- A. 3923.21.0019
  - B. 4202.92.4500
  - C. 6307.90.9889
  - D. 9504.90.9060
  - E. 9506.99.6080
23. What is the classification for miniature carved figurines of amber?
- A. 2530.90.8050
  - B. 7116.20.3500
  - C. 7116.20.5000
  - D. 9602.00.4000
  - E. 9602.00.5080

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24. What is the classification for a woman's 82% silk, 13% polyester, 5% spandex knit tank top?
- A. 6106.90.1500
  - B. 6108.39.4000
  - C. 6109.10.0060
  - D. 6109.90.4020
  - E. 6110.90.1060
25. What is the classification for a shipment of frozen rock shrimp of U.S. origin being returned to the U.S. after it was refused entry by Mexican agricultural officials at the border?
- A. 9801.00.1010
  - B. 9801.00.1012
  - C. 9801.00.1015
  - D. 9801.00.1089
  - E. 9801.00.1095
26. What is the classification for a 25,000-liter shipment of chocolate ice cream from Belgium if 950,000 liters of the quota have been used in the calendar year?
- A. 2105.00.0500
  - B. 2105.00.1000
  - C. 2105.00.2000
  - D. 2105.00.3000
  - E. 2105.00.5000
27. What is the classification for a 10mm copper plate, not in coils, that by weight is 93.48% Copper (Cu), 4.00% Nickel (Ni), 1.00% Beryllium (Be), 0.52% Zinc (Zn), and 1.00% other elements?
- A. 7409.19.1000
  - B. 7409.29.0010
  - C. 7409.39.1060
  - D. 7409.40.0000
  - E. 7409.90.1030

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28. What is the classification and rate of duty for Deltamethrin (an insecticide) unmixed and in packaging for retail sale? It is manufactured in England and is being imported from Canada.
- A. 2926.90.3000; duty rate of 6.5%
  - B. 3808.91.2500; duty rate of 6.5%
  - C. 3808.91.2500 with SPI CA; duty rate of Free
  - D. 9902.01.49 with 2926.90.3000; duty rate of Free
  - E. 9902.01.49 with 3808.91.2500; duty rate of Free
29. What is the classification for a removable 1-gigabyte flash memory card with EEPROM memory and controller integrated circuits that is used to download sound or video images from a personal computer and play them on a cell phone, DVD player, CD player, video game or a laptop computer?
- A. 8473.30.1140
  - B. 8523.51.0000
  - C. 8542.32.0050
  - D. 8543.90.8880
  - E. 9504.10.0000
30. What is the classification for a shipment of frozen freshwater tilapia fish that is gutted, has the head and tail on, and is not fit for human consumption?
- A. 0511.91.0090
  - B. 0511.99.4070
  - C. 0304.29.6042
  - D. 0302.69.5076
  - E. 0303.79.0040
31. What is the classification for a hand-held, 100% nylon, 8 ribbed, 8 paneled, wooden-handled, push-button automatic, non-telescopic golf umbrella?
- A. 6601.10.0000
  - B. 6601.91.0000
  - C. 6601.99.0000
  - D. 6603.20.3000
  - E. 6603.90.8100

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32. Which is the classification for a platinum plated, sterling silver set of silverware, which contains a dozen each of forks, knives and spoons?
- A. 7114.11.4500
  - B. 7114.20.0040
  - C. 7114.19.0000
  - D. 8215.10.0000
  - E. 8215.20.0000
33. What is the classification of a pneumatic handheld impact riveter imported by a manufacturer of civil aircraft in Seattle? The riveter is specially designed and is used for attaching metal sheeting on aircraft.
- A. 8203.30.0000
  - B. 8467.19.1000
  - C. 8467.21.0010
  - D. 8803.20.0030
  - E. 8803.30.0030
34. What is the classification unfinished solid oak flooring that is tongue and grooved on its edges and ends?
- A. 4409.29.0555
  - B. 4409.29.2560
  - C. 4418.79.0000
  - D. 4418.90.4605
  - E. 4421.90.9760
35. What is the classification for onion sets, 12 millimeters in diameter, intended for sowing, and treated with fungicide to render them inedible?
- A. 0703.10.2000
  - B. 0703.10.3000
  - C. 0703.10.4000
  - D. 1209.91.4000
  - E. 9903.02.31
36. What is the classification of a woven hat, not in part of braid, which is 55% nylon, 45% wool?
- A. 6505.90.4090
  - B. 6505.90.6040
  - C. 6505.90.8090
  - D. 6505.90.9089
  - E. 6217.10.9530

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37. What is the classification for crabmeat (*Callinectes sapidus*), a product of Mexico, that has been processed by boiling the bodies, extracting the meat from the shell, sealing the meat in airtight plastic containers, and freezing the meat prior to shipment to the U.S.?
- A. 0306.24.2000
  - B. 0306.24.4000
  - C. 1605.10.2051
  - D. 1605.10.4025
  - E. 1605.10.6010
38. What is the classification for a men's knit sweater with 9 stitches per 2 centimeters and is composed of 50% cotton fibers and 50% polyester fibers?
- A. 6110.20.2010
  - B. 6110.20.2067
  - C. 6110.30.3010
  - D. 6110.90.9010
  - E. 6110.90.9014
39. What is the correct classification for a roll of knit looped pile fabric, made of 100% man-made fibers that is visibly coated on one side with polyvinyl chloride? The fabric is more than 70% by weight of the polyvinyl chloride and weighs 152g/m<sup>2</sup>.
- A. 3921.90.1100
  - B. 3921.90.2510
  - C. 5903.10.2090
  - D. 5903.10.2500
  - E. 6001.22.0000
40. What is the classification and duty rate for a deluxe Italian music stand for cellos? The stand is a collapsible model made from brushed aluminum and stainless steel.
- A. 9209.92.2000/Free
  - B. 9209.92.2000/3.9%
  - C. 9209.94.4000/5.7%
  - D. 9209.99.1000/Free
  - E. 9209.99.1000/5.7%

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### Section 3: SCENARIO

Using the information provided below, answer questions 41 through 43.

Your client, a privately held U.S. corporation, imports five automobiles intended solely for show purposes. They will not be offered for sale. Two automobiles are valued at \$350,000 each. Three are valued at \$275,000 each. Their country of origin is the United Kingdom, which allows reciprocal privileges for similar imports to their country. The automobile shows in the U.S. will last three months. The first show starts two weeks after the date of importation. As the broker you file a CF7501 at time of entry via ABI. During the course of the shows, your client informs you that the shows are so successful that more have been added and the automobiles will be in the U.S. for an **additional** three months.

41. What is the classification of the automobiles?

- A. 8706.00.15.20
- B. 8706.00.25.00
- C. 8706.00.50.00
- D. 9813.00.35
- E. 9813.00.75

42. How much duty is due?

- A. \$0
- B. \$21,350
- C. \$24,400
- D. \$38,125
- E. \$38,215

43. What is the entry type code?

- A. 01
- B. 06
- C. 08
- D. 23
- E. 25

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## **Section 4: TRADE AGREEMENTS**

44. Would a garment classifiable in Chapter 62 and shipped to the U.S. qualify for treatment under the U.S. - Australia Free Trade Agreement (UAFTA) if it is manufactured in Australia of Australian silk (94%), elastomeric yarn made in Peru (3%) and cotton lace made in Ethiopia (3%)?
- A. Yes, because the chief weight of the fabric is made in the territory of a UAFTA party
  - B. No, because the cotton lace trimming is not made in the territory of a UAFTA party
  - C. Yes, because the de minimus rule states “an originating textile or apparel good may contain 7% by weight of foreign fibers or yarns”
  - D. No, because the fact that the cotton lace is made in Ethiopia would shift the garment to be considered under the African Growth and Opportunity Act
  - E. No, because the elastomeric yarn is made in Peru
45. Based on the information provided, which statement is **TRUE**?
- Wool yarn is formed in Australia
  - Nylon filament yarn is formed in Korea, which is subsequently forwarded to Australia
  - The components are knit to shape and linked and looped in Australia to form a 90% wool / 10% nylon sweater.
  - The finished product, the sweater, is shipped directly to the United States from Australia.
- A. The country of origin is Korea
  - B. The Korean nylon filament is less than the *de minimis* allowable for foreign fiber of yarn
  - C. The wool sweater does not qualify for the United States-Australian Free Trade Agreement
  - D. The wool sweater qualifies for the United States-Australian Free Trade Agreement
  - E. The wool sweater qualifies for Generalized System of Preferences

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46. A woven cotton dress is shipped from Israel directly to the United States. The cotton fabric for the dress was woven in Pakistan and comprises 64% of the value of the finished garment. A polyester contrasting trim fabric was woven in Puerto Rico and constitutes 5% of the value of the finished garment. The dress was cut and sewn in Israel which constitutes 31% of the value. Which statement is **TRUE**?
- A. The country of origin of the dress is Israel and the Pakistani fabric disqualifies the woven dress for the United States Israel Free Trade Area (USIFTA)
  - B. The country of origin of the woven dress is Israel and there is insufficient value added to qualify it for USIFTA
  - C. The country of origin of the dress is Israel and it qualifies for the USIFTA
  - D. The finished garment is classified in Chapter 61 of the HTS
  - E. The country of origin of the woven cotton dress is the U.S.
47. A CBP origin verification finds a Canadian company, an experienced importer, deliberately failed to maintain records supporting its NAFTA claim because it would be too difficult to substantiate. The entry verified has **NOT** liquidated. CBP may \_\_\_\_\_.
- A. assess a recordkeeping and a fraud penalty
  - B. collect duty and assess a recordkeeping penalty
  - C. not collect duty but may assess a fraud penalty
  - D. only deny the NAFTA claim and collect duty
  - E. not take any action
48. Which is **NOT** exempt from the Trade Act of 2002 requirement that certain truck cargo information be transmitted to CBP electronically in advance of the carrier's arrival at the first U.S. port of arrival?
- A. Domestic cargo transported by truck and arriving at one port from another in the U.S. after transiting Mexico
  - B. Cargo arriving by truck for transportation through the U.S. from one point in Canada to another point in Canada
  - C. Merchandise that may be informally entered on CBP Form 368 or 368A (cash collection or receipt).
  - D. Products of the U.S. that are being returned and whose entry is prescribed on CBP Form 3311
  - E. Merchandise unconditionally or conditionally free, not exceeding \$2,000 in value, eligible for entry on CBP Form 7523

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49. If the port director finds a NAFTA Certificate of Origin to be illegible, defective or incomplete, the importer must be given at least \_\_\_\_\_ days to present a corrected certificate.
- A. 5 working
  - B. 5 calendar
  - C. 10 calendar
  - D. 10 working
  - E. 30 calendar
50. When determining whether a good undergoes an applicable change in tariff classification for NAFTA country of origin purposes, you should disregard \_\_\_\_\_.
- A. a foreign component of a product found in HTSUS Chapter 15 that is less than 7% of the total weight
  - B. a NAFTA apparel product where a material does not undergo a change in tariff classification, but is not more than 7% of the total value of the product
  - C. retail packaging
  - D. unassembled components of a product
  - E. cooked currant jelly, where an ingredient does not meet the change in tariff classification, but is 5% of the value of the good
51. Based on the following costs, a table made in and exported from Poland and invoiced at \$16.50 is **INELIGIBLE** for preferential treatment under GSP because \_\_\_\_\_.
- \$6.00 Wood from Germany
  - \$4.25 Glass from Russia
  - \$3.35 Paint from Poland
  - \$2.90 Labor in Poland
- A. Russia is not a designated beneficiary developing country
  - B. the direct cost of processing operations in Poland is less than 35 percent
  - C. the product was not directly exported from Germany
  - D. Poland is not a designated beneficiary developing country
  - E. labor cannot be included in the direct processing costs

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## Section 5: BONDS

52. An importation which includes both merchandise subject to Other Government Agency (OGA) requirements and merchandise not subject to any additional requirements may require a single transaction bond set at\_\_\_\_\_.
- A. three times the total entered value of the merchandise
  - B. an amount equal to the estimated duties
  - C. the total entered value of the merchandise plus duties, taxes and fees
  - D. 10% of the total entered value
  - E. three times the total entered value of the merchandise subject to OGA requirements plus the total entered value and all duties, taxes and fees for the remainder of the merchandise
53. What is the correct amount for a single entry bond covering a shipment of restricted merchandise **WITHOUT** quota/visa requirements?
- A. The total entered value plus duties, taxes and fees
  - B. Three times the total entered value
  - C. Ten percent of the total entered value
  - D. Three times the total entered value plus duties, taxes and fees
  - E. The amount of the duties, taxes and fees only
54. A broker transmits an entry via ABI on behalf of an importer under a single entry bond and immediately receives a paperless release. The broker forgets to flag the entry for statement payment, and the duties, taxes and fees are paid 30 days later. CBP will then issue \_\_\_\_\_.
- A. a penalty to the broker for breach of the importer's bond
  - B. a penalty to the importer of record for late file
  - C. a penalty to both the broker and importer for late file
  - D. liquidated damages to the importer of record for late file
  - E. liquidated damages and a penalty to the importer for late file
55. An importer makes a \$1,000 initial deposit of estimated duties, taxes and fees on January 1, 2008 and the entry liquidates for \$1,500 on December 1, 2008. Upon liquidation the importer will be billed for \_\_\_\_\_.
- A. \$1,500
  - B. \$1,500 plus interest
  - C. \$500
  - D. Interest on the \$500
  - E. \$500 plus interest

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56. Which statement about single entry bonds is **TRUE**?

- A. A single entry bond should have an effective date that is 10 working days after release of the merchandise covered by the bond
- B. Except when a law or regulation expressly provides that a lesser amount may be taken, there is a minimum limit of liability of \$100 on a single entry bond
- C. As a general rule, the bond limit of liability on a single entry bond is 25 percent of the value of the merchandise
- D. A single entry bond may only be used for merchandise moving inbond from another port
- E. Termination date of a single entry bond is determined at the time of the submission of the bond

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## Section 6: FP&F

57. A petition for relief from a seizure must be filed with the correct Fines, Penalties and Forfeiture office within \_\_\_\_\_.
- A. 30 calendar days from the date of mailing of the notice of seizure
  - B. 60 calendar days from the date of receipt of the notice of seizure
  - C. 30 calendar days from the date of the seizure violation
  - D. 60 calendar days from the date of mailing of the notice of seizure
  - E. 30 business days from the date of receipt of the notice of seizure
58. What can be a mitigating factor in determining the liabilities for violations of 19 U.S.C. 1497?
- A. Discovery of documentary or other evidence establishing the violator's intent
  - B. An informant providing information that tends to establish the violator's intent and leads to discovery of the violation after the violator has been given an opportunity to properly declare
  - C. The fact that the violator is an inexperienced traveler
  - D. Concealment of undeclared articles to evade U.S. law
  - E. Behavior, including extreme lack of cooperation, verbal or physical abuse, or attempted escape, that tends to demonstrate a lack of respect for law and authority
59. Mandatory seizure of merchandise that has been introduced into the U.S. is warranted for which of the following?
- A. Merchandise marked intentionally in violation of 19 USC 1304
  - B. Merchandise for which the importer has received written notices that previous importations of identical merchandise from the same supplier were found to have been in violation of 19 USC 1304
  - C. Absolute quota merchandise bearing a counterfeit visa
  - D. Smuggled merchandise
  - E. Merchandise in violation of copyright laws
60. Which of the following may **NOT** be protested under 19 U.S.C. 1514?
- A. The refusal to reliquidate an entry under 19 U.S.C. 1520(c)
  - B. The exclusion of merchandise from entry or delivery under any provision of CBP laws
  - C. The appraised value of the merchandise
  - D. The refusal to pay a claim for drawback
  - E. The classification and rate and amount of duties chargeable

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61. Provided the person is not excused from the penalty pursuant to CBP regulations, the willful failure of a person to maintain, store, or retrieve a demanded record(s) will be subject to a penalty, for each release of merchandise, not to exceed \_\_\_\_\_, or an amount equal to \_\_\_\_\_ of the appraised value of the merchandise, whichever amount is less.
- A. \$10,000; 40 percent
  - B. \$10,000; 75 percent
  - C. \$30,000; 10 percent
  - D. \$100,000; 40 percent
  - E. \$100,000; 75 percent

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## Section 7: VALUATION

62. **TRANSACTION VALUE** cannot be used if \_\_\_\_\_.
- A. the buyer and seller are related
  - B. the manufacturer employed a selling agent to arrange the sale
  - C. promotional goods or samples are shipped free of charge
  - D. there is a restriction by law on the use of the imported product in the U.S.
  - E. the manufacturer only sells to one importer in the U.S.
63. What is the **TRANSACTION VALUE** of a shipment invoiced at \$100,000 if the terms of sale are Delivered Duty Paid (DDP), the Ocean Freight paid is \$6,000, the insurance paid is \$850, the Duty Rate is 6.5%, and a Harbor Maintenance Fee and Merchandise Processing Fee are paid at .125% and .21% respectively? Values are rounded to the nearest dollar.
- A. \$86,765
  - B. \$87,191
  - C. \$87,465
  - D. \$93,600
  - E. \$100,000
64. Based on the following information, what is the **APPRAISED VALUE** for an ocean shipment of 10,000 computer monitors with a unit value of \$75 CIF, Los Angeles?
- The seller received the cathode ray tubes used in the manufacture of these computer monitors free of charge from a third party that was satisfying a debt owed to the seller of the finished computer monitors.
  - The cathode ray tubes, including transportation and insurance, would have cost \$25 each.
  - There is no through bill of lading associated with this entry.
  - Foreign inland freight is \$1 each.
  - Ocean freight is \$2.50 each.
  - Marine insurance is \$0.50 each.
- A. \$1,000,000
  - B. \$970,000
  - C. \$750,000
  - D. \$720,000
  - E. \$710,000

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65. What is the Merchandise Processing Fee for a shipment of vacuum cleaners made in China and dutiable at 10% if the terms of sale are: \$250,000 CIF, Delivered, Duty Paid, MPF Paid, Tucson; and the price includes: \$3,000 Ocean Freight; \$1,000 Insurance; \$500 Rail Freight from Los Angeles to Tucson; \$500 Fee for Customs Broker; and \$1,500 CBP Duties and Fees?
- A. \$25.00
  - B. \$463.98
  - C. \$466.84
  - D. \$485.00
  - E. \$525.00
66. What is the **DUTY** on a 30,000 kg shipment of fresh spinach from Chile valued at \$15,000 and qualifying as originating under the US-Chile Free Trade Agreement?
- A. \$1,950
  - B. \$2,250
  - C. \$2,550
  - D. \$3,000
  - E. FREE
67. Which of the following items is **NOT** an element used to determine the **COMPUTED VALUE** of imported merchandise?
- A. The value of any assist used in the production of the imported merchandise which is not otherwise attributed to a processing cost or general expense
  - B. Packing costs
  - C. The cost or value of the materials, fabrication, and other processing used in the production of imported merchandise
  - D. Internal taxes on the merchandise in the country of exportation that are not refunded to the exporter upon exportation of the merchandise
  - E. The general expenses and profit of producers in the country of production if the producer's amount included in the costs for the imported merchandise is consistent with those of the producers of merchandise of the same class or kind in the exporting country

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68. What is the **APPRAISED VALUE** for the following? An importer of wearing apparel enters into a contract with a Korean manufacturer. The manufacturer will produce 1,000 dozen women's suit jackets for \$120,000, CIF New York. The jackets will be imported on one entry. The freight is \$7,000 and the insurance is \$1,000. The importer will supply the manufacturer with wool fabric valued at \$50,000. The fabric is produced in the U.S and will cost \$1,000 to transport the fabric to the manufacturer.
- A. \$70,000
  - B. \$112,000
  - C. \$119,000
  - D. \$162,000
  - E. \$163,000

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## **Section 8: BROKER COMPLIANCE**

**Use the below-identified narrative to answer questions 69 through 70.**

A broker receives his license through the port of Laredo, is permitted in the Houston district and has a national permit. When he fails to pay his annual user fees timely, CBP starts rejecting his entries at the port of Dallas. The broker discovers his permits have been revoked, and now he wants to reinstate them and participate in Remote Location Filing (RLF).

- 69.** The broker must submit \_\_\_\_\_ to CBP to be operational with RLF.
- A.** \$125
  - B.** \$138
  - C.** \$276
  - D.** \$450
  - E.** \$476
- 70.** The broker must submit his payment for a national permit to \_\_\_\_\_.
- A.** Houston
  - B.** Laredo
  - C.** Miami
  - D.** Dallas
  - E.** Washington, D.C.
- 71.** An individually licensed broker who is permitted in Los Angeles, California and wishes to enter merchandise in Las Vegas, Nevada \_\_\_\_\_.
- A.** may make entry
  - B.** shall incorporate in the State of Nevada before he may perform any Customs business in Las Vegas
  - C.** shall obtain an additional permit to conduct Customs business in Las Vegas
  - D.** shall hire a licensed broker in Las Vegas
  - E.** shall apply for a waiver from the requirement to have a licensed employee in Las Vegas

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72. ABC, Inc., an express consignment courier that is also a licensed broker, enters merchandise where ABC, Inc. acts as the importer of record. CBP determines the merchandise to be counterfeit and seizes the merchandise. This is the third instance where ABC, Inc. has been identified in the importation and seizure of counterfeit merchandise by means of acting as the importer of record and broker. For aiding and abetting the importation of the counterfeit merchandise, CBP may issue a \_\_\_\_\_.
- A. fine against the ultimate consignee not more than three times the value that the merchandise would have had if it were genuine, according to the U.S. manufacturer's suggested retail price (MSRP)
  - B. fine against the broker not more than twice the value that the merchandise would have had if it were genuine, according to the U.S. MSRP
  - C. fine against the carrier not more than one and half times the value that the merchandise would have had if it were genuine, according to the U.S. MSRP
  - D. fine against the supplier of not more than the U.S. MSRP
  - E. CBP Form 3461 with the broker
73. Which of the following statements is **FALSE**?
- A. If you are the importer of record, your payment to the broker will not relieve you of liability for CBP charges if the broker does not pay them
  - B. A licensed customs broker may compensate a freight forwarder for referring brokerage business
  - C. A broker may endorse or accept, without authority of his client, any U.S. Government draft check drawn to the order of the client
  - D. A broker who has a district permit may apply for a national permit for the purpose of transacting customs business
  - E. A broker must submit a written notice addressed to the Director, Regulatory Audit Division, for permission to consolidate storage of the broker's records
74. An individually licensed broker actively engaged in Customs business who changes his business address must \_\_\_\_\_.
- A. identify the new address in the subsequent Status Report which is forwarded to the Assistant Commissioner, Office of Field Operations
  - B. provide written notice of the new address to the affected Port Director within 180 calendar days
  - C. immediately provide written notice of the new address to the affected Port Director
  - D. reapply for a district permit while omitting the annual user fee of \$138
  - E. obtain a new Customs broker's license

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75. Which statement is **FALSE**?

- A. A broker may allow a common carrier who is not the importer of record, to have access to his importer files
- B. Broker records must be made available, upon reasonable notice, for official use by authorized CBP officers
- C. A broker must not destroy, conceal or remove any record relating to a brokerage transaction which is being sought, or which the broker believes may be sought by CBP
- D. A broker must be in possession of a district permit in order to obtain a national permit
- E. Powers of attorney must be retained until revoked, and revoked powers of attorney and letters of revocation must be retained for 5 years after the date of revocation or for 5 years after the date the client ceases to be an active client, whichever is later

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## **Section 8: GENERAL**

76. Under subheading 9801.00.25, which one of the following conditions is **NOT** required in connection with duty-free entries of articles, which were originally entered, duty paid, removed from CBP custody and subsequently exported?
- A. The articles were exported within 3 years after the date of the previous importation
  - B. The articles are reimported by or for the account of the person who imported them into and exported them from the U.S.
  - C. The articles did not conform to sample or specifications abroad
  - D. A Declaration from the owner, importer or consignee and the person abroad that are requested by the Port Director
  - E. The articles were not advanced in value but improved in condition by process of manufacture or other means while abroad
77. Foreign materials that do not undergo the required tariff shift when incorporated into a good shall be disregarded in determining the country of origin of the good in which one of the following circumstances?
- A. Milk, produced in Brazil, which contains 55% by weight of milk solids, and used in the Canadian production of a chocolate based milk drink (2202.90), which represents 8% of the value of the chocolate drink
  - B. Smoked sheets of rubber in primary forms, manufactured in Malaysia and used in the Canadian production of other natural rubber sheets (4001.29), which represents 8% of the value of the natural rubber sheets
  - C. Greasy shorn wool, not carded or combed, from Peru, and used in the Mexican production of carded or combed wool (5105), which represents 8% of the value of the carded or combed wool
  - D. Milk, produced in England and used in the Mexican production of condensed milk (0402.99), which represents 6% of the value of the condensed milk
  - E. Sugar, produced in Costa Rica and used in the Canadian production of maple syrup (1702.20), which represents 7% of the value of the syrup
78. The Port Director must act within \_\_\_\_\_ days from the date a protest is filed relating to an administrative action, under any provision of the CBP laws, involving exclusion of merchandise from entry or delivery.
- A. 15 calendar
  - B. 20 calendar
  - C. 30 calendar
  - D. 45 calendar
  - E. 60 business

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79. Company A imports fresh fruits and vegetables for human consumption over the Mexican border. Which one of the following would **NOT** constitute a valid reason for the Port Director to discontinue Company A's immediate delivery privileges?
- A. Company A has failed repeatedly to file entry summaries for consumption timely without justification
  - B. Company A has not taken prompt action to settle a claim for liquidated damages issued for failure to deposit estimated duties, taxes and fees
  - C. Company A is substantially or habitually delinquent in the payment of CBP bills
  - D. Company A has repeatedly delivered entry summary documentation which is incomplete or which contains erroneous information
  - E. Company A has failed repeatedly to enter for consumption produce which has been examined at the importer's premises and determined to be of no commercial value
80. If an A.T.A. carnet is lost while the goods which it covers are in the Customs territory of the U.S., upon request of the guaranteeing association which issued the carnet abroad, the Port Director may accept a replacement document if the \_\_\_\_\_.
- A. validity of the replacement document expires one year from the date of replacement and the Port Director can determine that the description of merchandise fully corresponds to the description set forth in the importation voucher from the carnet to be replaced
  - B. validity of the replacement document expires on the same date as the carnet which it replaces and the Port Director can determine that the description of merchandise fully corresponds to the description set forth in the importation voucher from the carnet to be replaced
  - C. importer can provide proof of entry
  - D. validity of the replacement document expires on the same date as the carnet which it replaces and the Port Director can determine that the description of merchandise fully corresponds to the description set forth in the exportation voucher from the carnet to be replaced
  - E. validity of the replacement document expires on the same date as the carnet which it replaces and the importer provides a single transaction bond to protect the revenue in case of fraud

**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. Incorrectly 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.**

## OCTOBER 2009 CUSTOMS BROKER LICENSE EXAM ANSWER KEY

| <b>QUESTION</b> | <b>ANSWER</b> | <b>CITATION(S)</b>   |
|-----------------|---------------|--|
| 1               | E             | 19 CFR 24.1(a)(3)(i); Directive 3550-067 (Entry Summary Acceptance and Rejection Policy) |
| 2               | B             | 19 CFR 158.2   |
| 3               | C             | 19 CFR 134.32(d).  |
| 4               | C             | 19 CFR 159.3   |
| 5               | B             | 19 CFR 24.23(a) and (c)  |
| 6               | A             | 19 CFR 181.44(a)   |
| 7               | C             | 19 CFR 24.24(e)(2)   |
| 8               | C             | 19 CFR 142.11(a)   |
| 9               | A             | 19 CFR 102.1(k)  |
| 10              | E             | 19 CFR 127.1(c)  |
| 11              | E             | 19 CFR 144.34(a)   |
| 12              | A             | 19 CFR 142.3a(b)(1)  |
| 13              | B             | 19 CFR 142.17  |
| 14              | D             | 19 CFR 143.23(j)   |
| 15              | B             | RLF Eligibility Requirements   |
| 16              | E             | 19 CFR 142.21; 142.22; HTS 0707.00.4000  |
| 17              | D             | HTS Chapter 71, Note 3(p) and HTS Chapter 97, Note 4(b)                                  |
| 18              | C             | HTS Chapter 70 (eo nominee)  |
| 19              | B             | HTS Chapter 83 (eo nominee)  |
| 20              | D             | HTS Chapter 28, General Statistical Note 4(c)  |
| 21              | D             | HTS Chapter 17, Additional U.S. Note 4, Heading 2106                                     |
| 22              | B             | HTS Chapter 42 (eo nominee)  |
| 23              | E             | HTS Chapter 96, Note 2(b)  |
| 24              | D             | HTS GRI 1 and Heading 6109 of Chapter 61   |
| 25              | E             | HTS Chapter 98   |
| 26              | B             | HTS Chapter 21, Additional Note U.S. Note 5  |
| 27              | D             | HTS Chapter 74, Note 1(b) Subheading Note 1(d).  |
| 28              | E             | HTS 3808.91.2500 and HTS 9902.01.49  |
| 29              | B             | HS XVI, Note 2(a); Chapter 85, Note 6 and GRI 1  |
| 30              | A             | HTS Chapter 5 (eo nominee); Chapter 3 Note 1(c)  |
| 31              | C             | HTS Chapter 66 (eo nominee)  |
| 32              | A             | HTS Chapter 71, Note 4(a); Section XV, Note 1(e).  |
| 33              | B             | HTS Section XVII Note 2(e) and 8467.19.1000  |
| 34              | A             | HTS 4409.29.0555   |
| 35              | A             | HTS Chapter 7 Additional U.S. Note 3; HTS 0703.10.2000 eo nominee                        |
| 36              | C             | HTS 6505.90.8090 eo nominee  |
| 37              | C             | HTS 1605.10.2051 eo nominee  |
| 38              | C             | HTS 6110.30.3010; GRI 3(c)   |
| 39              | E             | HTS Chapter 59 Note 1  |
| 40              | B             | HTS 9209.92.2000 eo nominee  |

|    |   |   |
|----|---|---|
| 41 | E | HTS Chapter 98, Subchapter XIII, U.S. Note 1(a)                                     |
| 42 | A | HTS Chapter 98, Subchapter XIII, U.S. Note 1(a)                                     |
| 43 | D | Customs Directive 3550.061  |
| 44 | E | HTS General Note 28(d)(i)   |
| 45 | C | HTS General Note 28(a)  |
| 46 | C | HTS General Note 8(b)   |
| 47 | B | 19 CFR 163.6 and 181 Subpart G  |
| 48 | B | 19 CFR 123.92(a)(1)   |
| 49 | A | 19 CFR 181.22(c)  |
| 50 | C | 19 CFR 102.13 and 102.15  |
| 51 | D | HTS General Note 4(a)   |
| 52 | E | Customs Directive 3510.004  |
| 53 | B | Customs Directive 3510.004  |
| 54 | D | 19 CFR 142.15   |
| 55 | E | 19 CFR 24.3(a)  |
| 56 | B | 19 CFR 113.13   |
| 57 | A | 19 CFR 171.2(b)(1)  |
| 58 | C | 19 CFR 171, Appendix A I 2 C  |
| 59 | D | 19 CFR 162.23(a)(1)   |
| 60 |   | Credit granted to all answers   |
| 61 | E | 19 CFR 163.6(b)   |
| 62 | C | 19 CFR 152.103(b) and (j)   |
| 63 | B | HTS General Statistical Note 1(a)(xiii) and (xiv); 19 CFR 152.103(a) and 152.102(f) |
| 64 | D | 190CFR 152.102  |
| 65 | C | 19 CFR 152.102(f), 152.103, and 24.23(b)  |
| 66 | A | General Note 26(a); HTS 0709.70.0000 / 9911.95.19                                   |
| 67 | E | 19 CFR 152.106  |
| 68 | E | 19 CFR 152.103(c)(2)  |
| 69 | E | 19 CFR 111.19(c)  |
| 70 | B | 19 CFR 111.19(f)(4)   |
| 71 | A | 19 CFR 111.19(b)  |
| 72 | B | 19 CFR 133.27   |
| 73 | C | 19 CFR 111.23(b)(2)   |
| 74 | C | 19 CFR 111.30   |
| 75 | A | 19 CFR 111.24   |
| 76 | E | 19 CFR 10.8(a)  |
| 77 | A | 19 CFR 102.13   |
| 78 | C | 19 CFR 174.21(b)  |
| 79 | E | 19 CFR 142.21(b)(3) & 142.25(a)   |
| 80 | B | 19 CFR 114.25   |