

U.S. CUSTOMS AND BORDER PROTECTION

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** (2014 Basic Edition, No Supplements)
- **Title 19, Code of Federal Regulations** (Revised as of April 1, 2014)
- **Customs and Trade Automated Interface Requirements (CATAIR)**
 - Appendix B - Valid Codes
 - Appendix D - Metric Conversion
 - Appendix E - Valid Entry Numbers
 - Appendix G - Common Errors
 - Glossary of Terms
- **Instructions for Preparation of CBP Form 7501** (July 24, 2012)
- **Right to Make Entry Directive 3530-002A**

This examination lasts four and a half (4.5) hours. When you finish, please give your answer sheet to the test administrator. **You may take this booklet with you.**

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

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Section 1: Pre-Examination Process Evaluation Survey

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

1) What is your background with regard to Customs laws and regulations?

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

2) How did you prepare for the Customs Broker Examination?

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

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

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

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

Section 2: Customs Broker License Examination

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Category I: Practical Exercises

Practical Exercise 1:

Using the one line entry summary provided below, answer questions 1 through 3.

| 27. Line No. | 28. Description of Merchandise | | | 32. A. Entered Value B. CHGS C. Relationship | 33. | | 34. | |
|---|--|--|---------------------------------------|---|--|----------------------|---------------|-----------|
| | 29. A. HTSUS No. B. ADA/CVD Case No. | 30. A. Gross Weight B. Manifest Qty. | 31. Net Quantity in HTSUS Units | | A. HTSUS Rate B. ADA/CVD Rate C. IRC Rate D. Visa No. | Duty and I.R. Tax | | Dollars |
| 001 | M Iron nickel alloy strip 2 CT Invoice Number - 4 FLT-RLD, MORE THAN COLD ROLLED 7226.99.0180 | 528 | 467 KG | 2 CT NOT-RELATED 17042 C 3148 | FREE 00 29.71% 12.82% .3464% | | | 0.00 |
| A533-817-000 C533-818-000 Merchandise Processing Fee I.V. 17041.90 USD @ 1.000000 E.V. 17041.90 As 17042 | | | | | | | | |
| Other Fee Summary for Block 39 | | 35. Total Entered Value | | CBP USE ONLY | | | TOTALS | |
| | | \$ | | A. LIQ CODE | | B. Ascertained Duty | | 37. Duty |
| | | Total Other Fees | | REASON CODE | | C. Ascertained Tax | | 38. Tax |
| | | \$ | | | | D. Ascertained Other | | 39. Other |
| | | | | | | E. Ascertained Total | | 40. Total |
| 36. DECLARATION OF IMPORTER OF RECORD (OWNER OR PURCHASER) OR AUTHORIZED AGENT | | | | | | | | |
| I declare that I am the <input type="checkbox"/> Importer of record and that the actual owner, purchaser, or consignee for CBP purposes is as shown above, OR <input checked="" type="checkbox"/> owner | | | | | | | | |

- 1) Which of the following free trade agreements is claimed?
 - A) U.S. – Colombia Free Trade Agreement
 - B) U.S. – Chile Free Trade Agreement
 - C) U.S. – Korea Free Trade Agreement
 - D) North American Free Trade Agreement
 - E) There is no free trade agreement claimed

- 2) What is the correct value for Block 35, “Total Entered Value”?
 - A) \$5,063.18
 - B) \$7,247.96
 - C) \$17,042.00
 - D) \$2,184.78
 - E) \$17,101.03

- 3) What is the correct value for Block 39, “Other”?
 - A) \$2,184.78
 - B) \$59.03
 - C) \$7,247.96
 - D) \$7,306.99
 - E) None of the above

Practical Exercise 2:

Using the invoice provided below, answer questions 4 through 6.

| COMMERCIAL INVOICE | | | |
|--|---------------------|--|-------------------|
| Mario's Foods | | | |
| 1) Shipper/Exporter Mario's Foods Atlixco 100B Mexico City Mexico | | 2) No. and Date of Invoice US001836 Monday, January 13, 2014 | |
| 4) For Account and Risk of Messers Jones Cafe 301 Texan Plaza Dallas, TX 78205 | | 3) No. and Date of L/C | |
| 6) Notify Party 7) R.Schaub, 231-423-1234 | | 5) L/C Issuing Bank | |
| 9) Port of Lading Mexico City, Mexico | | 10) Final Destination Dallas | |
| 11) Carrier | | 12) Departure on or about January 20, 2014 | |
| 8) Remarks P/O No.: TPS001 Not subject to AD/CVD cases | | | |
| <u>Marks and Numbers of Pkgs.</u> Fernando's Pickles 25/1. 16 Ounce Jar. | | | |
| 13) Description of Goods | 14) Quantity | 15) Unit Price | 16) Amount |
| Country of Origin: Mexico Pickled cucumbers \$7,000 One pound jar | | 10000 pieces | 0.70 USD |
| TOTAL | | | |
| \$7,000 | | | |
| Master Bill: 001-63324833 House Bill: COSC56676406 Estimated Entry Date 01/20/2014 | | | |

- 4) If Dallas, TX, is the port of entry, what is the port code?
- A) 2101
 - B) 5311
 - C) 5501
 - D) 5507
 - E) 6420
- 5) Block 31 of the CBP Form 7501 should indicate _____ for the pickles.
- A) 16 ounces
 - B) 10,000 pounds
 - C) 10,000 pieces
 - D) 10,000 kilograms
 - E) 4,536 kilograms
- 6) The Manufacturer's Identification Code is:
- A) MXELGOR2568MEX
 - B) MXGORDES2BAGTA
 - C) MXMARFOO100MEX
 - D) NAFTAAMARFOOMX
 - E) TAEELGOR2568MAT

Practical Exercise 3:

Using the entry summary above, please answer questions 7 and 8.

Form Approved OMB No. 1651-0022
EXP. 10-31-2017

DEPARTMENT OF HOMELAND SECURITY
U.S. Customs and Border Protection

ENTRY SUMMARY

| | | | | | |
|---|--|--|--|--|--|
| 1. Filer Code/Entry No. TPB-00109957 | | 2. Entry Type 01 | | 3. Summary Date 08/07/2015 | |
| 4. Surety No. 089 | | 5. Bond Type 8 | | 6. Port Code 2704 | |
| 7. Entry Date 07/31/2015 | | 8. Importing Carrier Patriot 127E | | 9. Mode of Transport 11 | |
| 10. Country of Origin China | | 11. Import Date 07/24/2015 | | 12. B/L or AWB No. PRES 496023 | |
| 13. Manufacturer ID CNSUPCHI807SHA | | 14. Exporting Country China | | 15. Export Date 07/08/2015 | |
| 16. I.T. No. | | 17. I.T. Date | | 18. Missing Docs | |
| 19. Foreign Port of Lading 5700 | | 20. U.S. Port of Unlading 2704 | | 21. Location of Goods/G.O. No. L492 | |
| 22. Consignee No. 00-610881400 | | 23. Importer No. 74-611991500 | | 24. Reference No. | |
| 25. Ultimate Consignee Name and Address Same City _____ State _____ Zip _____ | | | 26. Importer of Record Name and Address Trade Processes International City Long Beach State CA Zip 90302 | | |
| 27. Line No. | | 28. Description of Merchandise | | 32. A. Entered Value B. CHGS C. Relationship | |
| 29. A. HTSUS No. B. ADA/CVD No. | | 30. A. Grossweight B. Manifest Qty. | | 33. A. HTSUS Rate B. ADA/CVD Rate C. IRC Rate D. Visa No. | |
| 31. Net Quantity in HTSUS Units | | 34. Duty and I.R. Tax Dollars Cents | | | |

7) What type of bond was used for this entry summary?

- A) Single Entry Bond
- B) Continuous Bond
- C) Carriers Bond
- D) Transfer Bond
- E) Warehouse Bond

8) What is the mode of transportation?

- A) Vessel; container
- B) Trucker; container
- C) Mail
- D) Vessel; non-container
- E) Rail; container

Practical Exercise 4:

Using the edited 7501 below, please answer questions 9 and 10.

| 27. | 28. Description of Merchandise | | | 32. | 33. | 34. | |
|--|--|------------------------------------|--------------------------------|--|---|-------------------|-------|
| Line No. | 29. | 30. | 31. | A. Entered Value B. CHGS C. Relationship | A. HTSUS Rate | Duty and I.R. Tax | |
| | A. HTSUS No. B. ADA/CVD No. | A. Grossweight B. Manifest Qty. | Net Quantity in HTSUS Units | | B. ADA/CVD Rate C. IRC Rate D. Visa No. | Dollars | Cents |
| 001 | 24 CTNS OTHR IRN/STL WIRE ARTIC, HA 7326.20.0020 | 1586kg | 35000 NO | NOT RELATED 6726 C1211 | 3.9% | | |
| Other Fee Summary for Block 39 | | 35. Total Entered Value | | CBP USE ONLY | | TOTALS | |
| 499 | | \$ 6,726.00 | | A. LIQ CODE | B. Ascertained Duty | 37. Duty | |
| 501 | | Total Other Fees | | REASON CODE | C. Ascertained Tax | 38. Tax | |
| 36. DECLARATION OF IMPORTER OF RECORD (OWNER OR PURCHASER) OR AUTHORIZED AGENT | | | | | D. Ascertained Other | 39. Other | |
| I declare that I am the <input type="checkbox"/> Importer of record and that the actual owner, purchaser, or consignee for CBP purposes is as shown above, OR <input type="checkbox"/> owner or purchaser or agent thereof. I further declare that the merchandise <input type="checkbox"/> was obtained pursuant to a purchase or agreement to purchase and that the prices set forth in the invoices are true, OR <input type="checkbox"/> was not obtained pursuant to a purchase or agreement to purchase and the statements in the invoices as to value or price are true to the best of my knowledge and belief. I also declare that the statements in the documents herein filed fully disclose to the best of my knowledge and belief the true prices, values, quantities, rebates, drawbacks, fees, commissions, and royalties and are true and correct, and that all goods or services provided to the seller of the merchandise either free or at reduced cost are fully disclosed. | | | | | E. Ascertained Total | 40. Total | |

9) What is the Merchandise Processing Fee amount for Block 39?

- A) \$23.30
- B) \$25.00
- C) \$36.28
- D) \$151.30
- E) \$485.00

10) What duty amount should be in Block 37?

- A) \$0.00
- B) \$161.29
- C) \$262.31
- D) \$485.00
- E) \$6,726.00

Category II: Power of Attorney

- 11) When may a power of attorney be revoked?
- A) At any time by written notice given to and received by the Port Director
 - B) It may not be revoked
 - C) Within 30 days from execution
 - D) Upon written approval by the Port Director
 - E) Prior to being submitted to CBP
- 12) What is the penalty, as stated by the CBP Mitigation Guidelines, for each power of attorney that a broker does not have on file?
- A) \$250
 - B) \$500
 - C) \$1,000
 - D) \$1,500
 - E) \$2,000
- 13) ABC Brokers has authorized its unlicensed employee Joe to sign Customs documents on its behalf and has executed a valid Power of Attorney for this purpose. Which of the following reflects Joe's legal authority to sign documents?
- 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 proof of the existence of the Power of Attorney.
 - E) Joe is required to file the Power of Attorney with the port director.

Category III: Entry

- 14) In the following scenario, what is the date of entry for the imported merchandise if it is approved to be released under the immediate delivery procedure?

Eight automobiles made in Canada were purchased by an auto dealership in the United States on May 1, 2015. The automobiles were loaded onto a tractor-trailer at the Canadian assembly plant on May 5, 2015. The truck cargo was examined by CBP at the U.S. border and released into the United States on May 7, 2015. The tractor-trailer arrived at the U.S. dealership on May 8, 2015, and the automobiles were unloaded. The automobiles qualify for duty free status under NAFTA, and the entry summary with estimated duties was submitted to CBP on May 15, 2015.

- A) May 1, 2015
 - B) May 5, 2015
 - C) May 7, 2015
 - D) May 8, 2015
 - E) May 15, 2015
- 15) You have a shipment of merchandise that reports 0.48 gross kilograms. What is the reportable gross shipping weight of less than 1 kilogram on the CBP Form 7501 in column 30?
- A) 1 KG
 - B) 0 KG
 - C) 0.48 KG
 - D) 0.50 KG
 - E) 11 KG
- 16) A licensed broker is preparing an entry using a foreign manufacturer's invoice that shows only foreign currency. The importer stated they did not have an agreement prior to exportation concerning the currency conversion rate. Which date should the broker use to determine the rate of exchange for calculation of the entered value?
- A) Date the goods are ready to leave the factory
 - B) Date of export
 - C) Date that duty is paid
 - D) Date of entry
 - E) Date the importer paid for the goods

The following question is to be used for answers 17 through 19.

17) For a consumption entry made on July 18, 2014, the statutory 1-year period for liquidation may be extended by a port director for a period not to exceed _____.

- A) 3 years
- B) 2 years
- C) 1 year
- D) 180 days
- E) 90 days

18) The total time for which extensions may be granted may not exceed _____.

- A) 1 year
- B) 2 years
- C) 3 years
- D) 4 years
- E) 5 years

19) Hence, if CBP does not actively liquidate the entry in question by _____, it will be deemed liquidated by operation of law on said date.

- A) July 18, 2016
- B) July 18, 2017
- C) July 18, 2018
- D) July 18, 2020
- E) July 18, 2019

20) Which of the following is NOT a valid reason for extension of liquidation?

- A) Liquidation is suspended as required by statute
- B) Additional information is required by CBP for proper appraisal of merchandise
- C) The importer's merchandise is before Customs Court pending litigation
- D) Additional information is required by CBP for proper classification of merchandise
- E) The importer requests an extension in writing showing good cause

21) A nonresident corporation can enter merchandise for consumption if it has _____.

- A) an ultimate consignee located somewhere in the United States
- B) a resident agent anywhere in the United States
- C) a broker located in the United States to clear its merchandise
- D) a resident agent in the port of entry who is authorized to accept process against that corporation
- E) a resident agent in the port of entry who is authorized to accept process against that corporation and files a bond with conditions set forth in 113.62 CFR

Category IV: Foreign Trade Zones

- 22) _____ is the procedure for delivery of merchandise to a zone without prior application and approval on Customs Form 214.
- A) Constructive Transfer
 - B) Activation
 - C) Transfer
 - D) Admit
 - E) Direct Delivery
- 23) What CBP Form is used to admit merchandise into a Foreign Trade Zone (FTZ)?
- A) CBP Form 7501
 - B) CBP Form 214
 - C) CBP Form 3499
 - D) CBP Form 3461
 - E) CBP Form 6043
- 24) Absolute quota merchandise imported in excess of the admissible quantity may NOT be_____.
- A) held in an FTZ for the opening of the next quota period
 - B) held in a warehouse for the opening of the next quota period
 - C) exported under CBP supervision
 - D) destroyed under CBP supervision
 - E) entered at a higher rate of duty
- 25) An FTZ Operator shall prepare a reconciliation report within ___ days of the end of the zone/sub zone year unless the port director authorizes an extension for reasonable cause.
- A) 30
 - B) 60
 - C) 90
 - D) 120
 - E) 180

Category V: Classification

- 26) Where would a women's knitted sweater from Ireland with a fiber content of 50% merino wool and 50% man-made rayon be classified in the Harmonized Tariff Schedule of the United States (HTSUS)?
- A) 6110.30.1520
 - B) 6110.20.2020
 - C) 6110.30.1020
 - D) 6110.19.0030
 - E) 6105.20.1000
- 27) Daisy's Dairy Delights wishes to import ice cream. They are a new importer with a limited importing history and the low rate quota for ice cream is closed. They are importing samples, in shipments exceeding 5 kilograms, to determine which flavors they will carry in their line and request you classify it under 2105.00.0500 which references GN 15. They do not have any written approvals or licenses from the Department of Agriculture. The product is of a type subject to tariff-rate quota and is subject to the provisions of Subchapter IV of Chapter 99. Which of the following is NOT a reason this classification can be used?
- A) They are not importing such products for the account of any agency of the U.S. Government.
 - B) The products are not being imported for personal use.
 - C) Such products, which will not enter the commerce of the United States, are imported as samples for taking orders; for exhibition, display or sampling at a trade fair; for research; for use by embassies of foreign governments; or for testing of equipment, provided that written approval from the Secretary of Agriculture or his/her designated representative of the United States Department of Agriculture (USDA) is presented at the time of entry.
 - D) The shipment of the product exceeds 5 kilograms.
 - E) This tariff number can only be used when the low rate quota is open but the importer has not been importing long enough to obtain a dairy license from USDA.
- 28) An article composed of two different base metals, with the exception of ferroalloys and master alloys, is classified based on which of the following?
- A) The metal component that imparts the essential character of the article
 - B) The metal that possesses the chief value
 - C) The metal that contributes the most toward marketing the article
 - D) The metal that is referenced last (in numerical order) in the Harmonized Tariff Schedule
 - E) The metal that predominates by weight

- 29) What is the tariff classification of a single dinnerware plate that is made of stoneware, measures 15.3 cm in diameter, and is offered for sale in the same pattern as all of the other articles listed in Chapter 69 Additional U.S. Note 6(b), with the aggregate value of all those articles listed in that note being \$37?
- A) 6911.10.3710
 - B) 6911.10.5200
 - C) 6912.00.3510
 - D) 6912.00.4500
 - E) 6912.00.4810
- 30) You are reviewing a spec sheet for a cutting machine die which your client continually refers to as “porcelain ceramic.” According to the specs, the die, which was fired after shaping, has a hardness of 7.1 on the Mohs scale and will absorb .8% of its weight in water. What is the tariff classification for the cutting machine die?
- A) 6909.11.2000
 - B) 6909.11.4000
 - C) 6909.12.0000
 - D) 6909.19.5095
 - E) 6909.90.0000
- 31) What is the tariff classification of Valacyclovir Hydrochloride (CAS 124832-27-5) imported in 500 mg tablets in measured dosage form? Each tablet contains 1 gram of Valacyclovir Hydrochloride mixed with other inactive ingredients (carnauba wax, colloidal silicon dioxide, microcrystalline cellulose and polyethylene glycol). Valacyclovir Hydrochloride is an anti-viral drug used for the treatment of herpes zoster and cold sores. It slows the growth and spread of the herpes virus so that the body can fight off the infection.
- A) 3004.20.0060
 - B) 2933.59.3600
 - C) 3004.90.9110
 - D) 3824.90.5500
 - E) 3003.90.0000
- 32) What is the applicable tariff classification for a heat-and-serve frozen “loaded hot dog” (beef frankfurter with various toppings) in a bun? The ingredients (by weight) of the complete product are wheat flour (37%), cooked beef sausage (34%), water, chopped onions, pickle relish, mustard, crispy bacon topping bits (4%), yeast, dextrose and spices.
- A) 1602.50.9040
 - B) 2106.90.9995
 - C) 1602.90.9080
 - D) 1601.00.6020
 - E) 0210.12.0020

- 33) What is the tariff classification of a sideguard assembly designed specifically for use in a belt conveyor? The XYZ Company's glass ornament production line includes machines such as a furnace, a casting machine, a drawing machine, a molding machine, a grinding machine and coating/lamination machines. Many of the machines are interconnected by means of a belt conveyor system.
- A) 8487.90.0080
 - B) 8475.90.9000
 - C) 8479.90.9496
 - D) 8431.39.0010
 - E) 8466.91.5000
- 34) What is the tariff classification of a carbon steel bolt imported together with a corresponding steel nut? The bolt has a hexagonal head and a threaded shank that measures 5.4 mm in diameter and 24 mm in length. It is used exclusively in central heating radiators.
- A) 7318.15.2065
 - B) 7318.29.0000
 - C) 7318.15.2010
 - D) 7318.16.0085
 - E) 7322.19.0000
- 35) What is the tariff classification of a chocolate production line that includes a conveyor belt, a mixer, a cooling tunnel and cutters? The entire chocolate production line will be imported unassembled in one shipment.
- A) 8208.30.0060
 - B) 8479.89.9899
 - C) 8438.20.0000
 - D) 8438.90.9030
 - E) 8428.20.0010
- 36) A U.S. importer sent electronic cigarettes with broken power switches back to China to the original manufacturer for repair. The cigarettes were repaired and returned to the U.S. What is the duty requirement for entering the cigarettes into the U.S.?
- A) The importer does not have to pay any duty because it was already paid on the shipment of electronic cigarettes upon the previous importation.
 - B) The importer does not have to pay any duty because they had a warranty on all parts and labor.
 - C) The importer must pay duty on the returned shipping charges.
 - D) The importer must pay duty on the reasonable value of the repairs.
 - E) The importer must pay the new duty rate assigned to power switches on the appraised value of electronic cigarettes.

37) A welded square tube is made from alloy (not stainless) steel and measures 3 feet in length with a wall thickness of 4 mm. As a result of the welding process, the square tube has a visible seam. What is the tariff classification of the tube?

- A) 7304.90.3000
- B) 7306.69.3000
- C) 7304.90.7000
- D) 7306.61.3000
- E) 7306.61.5000

38) What is the tariff classification for the auto upholstery described below, which is comprised of a polyester/cotton fabric laminated with PVC (Polyvinyl Chloride)?

- PVC – 17.82 Ounce/Square Meter
- 75% Polyester/25% Cotton – 4.22 Ounce/Square Meter

- A) 5903.10.1000
- B) 5903.10.2090
- C) 5903.10.2500
- D) 5903.10.3000
- E) 5903.20.2000

39) What is the tariff classification of food grade, stainless steel, 12 gallon (45 liter) tanks used for home beer brewing? These tanks are not fitted with mechanical or thermal equipment.

- A) 7311.00.0090
- B) 7309.00.0030
- C) 7310.29.0025
- D) 7310.29.0050
- E) 7310.10.0010

Category VI: Valuation

- 40) ABC Inc., purchases 10,000 glass vases from Overseas Trading Company. The wholesale price charged by overseas trading Company is \$3 per vase with the following volume discounts. What is the transaction value for the vases?
- 1 - 1,000 vases: full price
 - 1,001 - 5,000 vases: 5 % discount
 - 5,001 - 15,000 vases: 10% discount
 - 15,001 - 25,000 vases: 15% discount
- A) \$30,000
B) \$29,700
C) \$27,000
D) \$26,730
E) \$26,700
- 41) A used mold was provided free of charge to a Korean manufacturer by the U.S. importer. The used mold cost the importer \$75,000 prior to sending it to Korea. Because of its poor condition, the importer had it repaired for \$2,500 before shipping the mold to Korea. The importer paid freight cost of \$1,000 and the Korean manufacturer paid \$500 import duty for the mold. What is the total value of the assist?
- A) \$75,000
B) \$76,000
C) \$77,500
D) \$78,500
E) \$79,000
- 42) Which of the following describes what elements may be considered for an article produced in a beneficiary country to qualify for preferential tariff treatment under the Generalized System of Preferences?
- A) Only the cost or value of the materials produced in the beneficiary country
B) Only the direct costs of processing operations performed in the beneficiary country
C) The cost or value of the materials produced in the beneficiary country plus the direct costs of processing operations performed in the beneficiary country that are greater than or equal to 35% of the appraised value of the article
D) The cost or value of the materials produced in the beneficiary country plus the direct costs of processing operations performed in the beneficiary country that are less than 35% of the appraised value of the article
E) Only the cost or value of the materials produced in the United States

- 43) Which of the following is NOT an addition to the price actually paid or payable?
- A) The packing cost incurred by the buyer with respect to the imported merchandise
 - B) Any selling commission incurred by the buyer
 - C) The value, apportioned as appropriate, of any assist
 - D) Any royalty or license fee that the buyer is required to pay as a condition of sale
 - E) The international freight cost incurred by the buyer
- 44) A shipment is invoiced at \$100,000. The price for the merchandise includes international shipment costs, insurance costs, customs duties, and other federal taxes. The ocean freight paid is \$6,000, the insurance paid is \$850, the Duty rate is 6.5%, and a Harbour Maintenance Fee and Merchandise Processing Fee are paid at .125% and .3463%, respectively. What is the Transaction Value of the shipment?
- A) \$93,150.00
 - B) \$87,079.35
 - C) \$93,482.93
 - D) \$100,000.00
 - E) \$92,712.95

VII: Free Trade Agreements

- 45) Under the Korea Free Trade Agreement, who has primary responsibility to insure compliance on a Preferential Tariff Treatment claim?
- A) Freight Forwarder
 - B) Customs House Broker
 - C) Importer
 - D) Producer
 - E) Exporter
- 46) Which Free Trade Agreements (FTAs) examine whether a good is substantially transformed in order to determine whether it qualifies for preferential tariff treatment?
- A) Korea FTA, Singapore FTA, CAFTA-DR
 - B) Israel, Egypt Qualifying Industrial Zone, Jordan FTA
 - C) Chile FTA, Panama TPA, Peru TPA
 - D) Australia FTA, Panama TPA
 - E) CAFTA-DR, Chile FTA
- 47) When importing goods into the U.S., and preferential tariff treatment is claimed under the U.S. Morocco Free Trade Agreement (MFTA), which General Note and Authority are applicable to that program?
- A) General Note 26 and 19 CFR 10.401-490 (Subpart H)
 - B) General Note 12 and 19 CFR 181 and Appendix 19 CFR 102
 - C) General Note 25 and 19 CFR 10.501-570 (Subpart L)
 - D) General Note 27 and 19 CFR 10.761-781 (Subpart M)
 - E) General Note 18 and 19 CFR 10.701-712 (Subpart K)
- 48) Where in the HTS can the general “NAFTA Change in Tariff Classification Rules” be located?
- A) 19 CFR Part 102
 - B) Chapter Notes
 - C) General Note 12
 - D) General Note 3
 - E) General Note 5
- 49) CBP issued a Request for Information to an importer for a valid NAFTA Certificate of Origin for an entry in which a duty free claim under the NAFTA was made. The importer failed to produce the Certificate of Origin. Which of the following is true concerning

possible penalty action by CBP?

- A) The importer is not subject to a recordkeeping penalty because only the exporter is required to retain the NAFTA Certificate of Origin.
- B) The importer is not subject to a recordkeeping penalty because the NAFTA Certificate of Origin is not on the “(a)(1)(A) list”.
- C) If CBP liquidates the entry without NAFTA duty preference, CBP cannot also issue a penalty.
- D) The importer may be subject to a recordkeeping penalty for failure to comply with the lawful demand.
- E) CBP may issue a penalty only after serving a Customs summons in addition to the Request for Information.

50) The Certificate of Origin must be in the importer's possession at the time of entry when making a _____ claim.

- A) US-Korean Free Trade Agreement (UKFTA)
- B) US-Morocco Free Trade Agreement (UMFTA)
- C) US-Chile Free Trade Agreement (CFTA)
- D) North American Free Trade Agreement (NAFTA)
- E) Dominican Republic-Central America-US Free Trade Agreement (CAFTA)

VIII: Drawback

51) Which of the following is NOT a type of drawback entry?

- A) Direct identification manufacturing
- B) Direct identification unused merchandise
- C) Substitution modified merchandise
- D) Substitution manufacturing
- E) Substitution of finished petroleum derivatives

52) Based on the information below, what is the claimed amount for the merchandise processing fee (MPF) on an Unused Direct Identification 1313(j)(1) drawback claim?

- Imported merchandise:
 - 500 bikes (\$200 per unit) \$100,000
 - 500 spare parts (\$175 per unit) \$87,500
 - Invoice value \$187,500
 - Less Non-Dutiable Charges (NDC) -\$2,500
 - Total Entered Value \$185,000
 - Total MPF paid \$485.00
 - MPF rate .3464%

- Exported merchandise for drawback purposes: 200 bikes

- A) \$103.47
- B) \$102.43
- C) \$138.56
- D) \$137.17
- E) \$480.15

53) Merchandise processing fees are only subject to drawback for merchandise processing fees for _____.

- A) indirect identification of unused merchandise
- B) substitution of used merchandise
- C) substitution of finished petroleum
- D) rejected merchandise
- E) substitution of indirect used merchandise

54) Which CBP form is required to request a drawback claim?

- A) CBP Form 7551
- B) CBP Form 5106
- C) CBP Form 301
- D) CBP Form 3124
- E) CBP Form 19

IX: Antidumping and Countervailing Duties

- 55) Company A imported seven ball bearings with integral shafts from Germany, which are classified under subheading 8482.10.10, Harmonized Tariff Schedule of the United States, at a 2.4% ad valorem duty rate and subject to antidumping duties. The ball bearings are shipped by air and formally entered at John F. Kennedy International Airport. The total value of the shipment is \$7,598.00. The applicable antidumping duty cash deposit rate is 68.89%. What are the total amount of fees and estimated duties that should be reported on CBP Form 7501?
- A) \$5,260.58
 - B) \$5,234.26
 - C) \$5,416.61
 - D) \$5,442.93
 - E) \$208.67
- 56) Brown Industries imported a shipment of taper roller bearings manufactured by Beijin Bearings in Shenzhen, China. The taper roller bearings are exported by Seoul Enterprise, a company incorporated in South Korea, and are used in various automotive engine parts. Taper roller bearings are specifically classified under 8482.20.00. The Department of Commerce has instructed CBP to collect antidumping duty cash deposits at a rate of 115% for all shipments of taper roller bearings manufactured by Beijin Bearings. The Department of Commerce has further instructed CBP to apply the “country-wide rate” of 45% for all shipments of taper roller bearings manufactured by Chinese companies with no established individual cash deposit rates. Further, the scope of the order excludes taper roller bearings used in the manufacture of exercise equipment and home appliances. What is the antidumping duty cash deposit rate collected for Brown Industries’ shipment of taper roller bearings?
- A) Do not collect antidumping duties because these taper roller bearings were exported by a Korean company
 - B) 45%
 - C) 115%
 - D) Do not assess antidumping duties because these bearings are excluded from the scope of the antidumping duty order
 - E) 160%
- 57) A (n) _____ is required prior to liquidation of an antidumping/countervailing liquidation order.
- A) certificate of manufacturing
 - B) sales receipt
 - C) reimbursement certificate
 - D) meeting with Import Specialists
 - E) invoice

Category X: Marking

- 58) Mr. Smith contacts your brokerage from the Customs area at the local international airport. He has just flown in from the UK and was attempting to bring in new Scottish 100% wool sweaters to sell at his new store. The sweaters were examined by CBP, and while an appropriate country of origin label was found, Mr. Smith was told that the sweaters were not properly labeled with the fiber content of the material. Which of the following actions should the local CBP cargo office take?
- A) The sweaters should be released to Mr. Smith because no labeling is needed due to the exemption of wool wearing apparel.
 - B) The sweaters should be released to Mr. Smith because the textiles of the sweaters are not 50% or more manmade materials, and therefore, are exempt from marking.
 - C) The sweaters must be returned to the UK and cannot be imported in their current condition.
 - D) The sweaters should be released to Mr. Smith, but he will have to label the sweaters at his own expense under Customs supervision.
 - E) The sweaters should be released to Mr. Smith, but a 10% marking duty should be assessed against Mr. Smith.
- 59) Which of the following articles are exempted from country of origin marking requirements, according to the General Exceptions to marking requirements under 19 CFR 134.32?
- A) Articles that are incapable of being marked; articles that cannot be marked prior to shipment to the United States without injury; articles which are crude substances; and articles imported for use by the importer and not intended for sale
 - B) All articles have to be marked; no exceptions
 - C) Articles from the parent company abroad do not require markings; shipments under \$1500 do not require marking
 - D) You may apply for a marking waiver; small businesses are not required to provide markings
 - E) Household articles; the first importation does not have to be marked
- 60) Which of the following are NOT exempt from country of origin marking requirements?
- A) Cards, playing
 - B) Bearings, ball, ½ inch in diameter
 - C) Weights, analytical and precision in sets
 - D) Flowers, artificial, bunches
 - E) Shingles (fir wood), bundles of

61) Which of the following examples constitutes a substantial transformation for purposes of country of origin marking?

- A) Copper wire that is sent from Korea and coated in Canada
- B) A nail lacquer base of Vietnam origin is further manufactured in Taiwan with colorants and other essential ingredients
- C) Bulk body powder from the United States is sent to China, where it is measured and encased inside the powder puff
- D) Chinese woven fabrics that are imported into the United States where it will be cut and sewn into women's and girls' pants, jackets, blouses, dresses, and skirts
- E) An unfinished hand stamp without its die from Hong Kong; the die will be put on the stamp in Mexico

Category XI: Broker Compliance

- 62) A broker is permitted to conduct Customs business in the ports of Las Vegas, Nevada and Los Angeles, California. The licensed individual for the Los Angeles district permit leaves the brokerage. How long does the brokerage have to replace that individual before the district permit can be revoked?
- A) 60 days
 - B) 90 days
 - C) 120 days
 - D) 150 days
 - E) 180 days
- 63) When must Form 3347, Declaration of Owner, be filed?
- A) Within 90 days from the time of entry
 - B) At the time of entry
 - C) Any time before final liquidation
 - D) Within 180 days from the time of entry
 - E) When the entry summary is filed
- 64) A _____ must be presented to CBP to receive a CBP-Assigned Importer identification number.
- A) CBP Form 3461
 - B) CBP Form 6043
 - C) CBP Form 5106
 - D) CBP Form 7501
 - E) CBP Form 3495
- 65) Which part of 19 CFR ____ addresses Inspection, Search and Seizure?
- A) 134
 - B) 133
 - C) 162
 - D) 128
 - E) 112
- 66) How long does a protestant have to file a summons in the Court of International Trade, once the protestant is denied?
- A) 60 days
 - B) 180 days
 - C) 314 days
 - D) 2 years
 - E) 90 days

Category XII: Fines and Penalties

- 67) Disclosure of the circumstances of a violation under 19 USC 1592 means the act of providing to Customs a statement either orally or in writing that:
- A) Provides a general overview of a suspected violation of 19 USC 1592 that includes a listing of the ports of entry involved; the class or kind of merchandise involved in the violation; and a request for additional time to provide specific details of the violation
 - B) Identifies the class or kind of merchandise involved in the violation; identifies the importation or drawback claim included in the disclosure by entry number or by indicating each concerned Customs port of entry and the approximate dates of entry or dates of drawback claim; specifies the material false statements, omissions or acts, including an explanation as to how and when they occurred; sets forth, to the best of the disclosing party's knowledge, the true and accurate information or data that should have been provided in the entry or drawback claim documents and states that the disclosing party will provide any information or data unknown at the time of the disclosure within 30 days of the initial disclosure date
 - C) Provides a statement that the company is researching a possible violation of 19 USC 1592 and is submitting a letter advising CBP that it intends to file a prior disclosure within 30 days of the letter's submission to CBP
 - D) Identifies the class or kind of merchandise involved in the violation; identifies the importation or drawback claim included in the disclosure by entry number or by indicating each concerned Customs port of entry and the approximate dates of entry or dates of drawback claim; specifies the material false statements, omissions or acts, including an explanation as to how and when they occurred
 - E) Provides a listing of entry numbers, ports of entry and dates of the violation, and a request for a 30 day extension to provide remaining details
- 68) A petition for relief from penalties must be filed within ____ days of the mailing of the notice of penalty incurred.
- A) 30
 - B) 60
 - C) 45
 - D) 90
 - E) 15
- 69) When submitting an Offer in Compromise on behalf of a client to settle a claim for liquidated damages, or a penalty, the broker must also submit _____.
- A) a petition for relief
 - B) a copy of the penalty notice
 - C) a tender of funds
 - D) a copy of the Power of Attorney
 - E) an additional copy of the submission

70) Supplemental petitions filed in cases involving violations of 19 USC § 1641 will be forwarded to the Chief, Penalties Branch, Border Security and Trade Compliance Division, Regulations and Rulings, Office of International Trade when the amount exceeds:

- A) \$30,000
- B) \$10,000
- C) \$20,000
- D) \$50,000
- E) \$25,000

71) A petition for the cancellation of a claim for liquidated damages should be submitted to_____.

- A) The Port Director
- B) A Fines, Penalties, and Forfeitures Officer
- C) The Assistant Commissioner
- D) The port of entry
- E) The bonding surety

Category XIII: Bonds

- 72) Entry summary documentation was not filed in a timely manner for a shipment of \$100,000 entered with a Single Transaction Bond (STB) in the amount of \$110,000. Liquidated damages will be assessed at_____.
- A) The entire amount of the STB (\$110,000)
 - B) \$100,000 plus duties and fees
 - C) \$100,000 plus duties
 - D) 10% of the value of the merchandise
 - E) The cost of the duties and fees
- 73) A broker files an informal entry on CBP Form 368 valued at \$2,500 and does not utilize statement processing and ACH. Which of the following actions is the broker required to take?
- A) Take no further action; CBP Form 368 is all that is required for entry.
 - B) File an entry summary CBP Form 7501 within 10 calendar days.
 - C) Obtain a bond prior to entry release.
 - D) Deposit any estimated duties and taxes at the time of entry.
 - E) File a CBP Form 7501 within 10 working days of the date of entry.
- 74) Jack files a temporary importation bond entry in March 2012. In February 2013 he calls Customs to find out if the entry has liquidated. Which of the following is correct?
- A) Temporary importation bond entries liquidate within 90 days from the date of summary.
 - B) Temporary importation bond entries liquidate 1 year from the date of release.
 - C) Temporary importation bond entries don't liquidate.
 - D) Temporary importation bond entries are valid for 1 year and then may be converted into a consumption entry and therefore liquidate within 2 years.
 - E) None of the above
- 75) When merchandise is withdrawn from a bonded warehouse, how long must the records relating to the withdrawal be retained?
- A) At least 5 years after the date of entry
 - B) At least 5 years from the date of withdrawal of the last merchandise withdrawn under the entry
 - C) Within 30 calendar days, or such longer time as specified by CBP
 - D) Records must be retained indefinitely
 - E) At least 5 years after the date of revocation of the Power of Attorney

Category XIV: Intellectual Property Rights

- 76) In regard to “prohibited or restricted importations” relative to “articles involved in unfair competition,” after the U.S. International Trade Commission (the Commission) issues an exclusion order pursuant to 19 USC § 1337, an importer of record has the following option with respect to the entry of merchandise subject to that exclusion order:
- A) The importer may enter merchandise subject to an exclusion order if the importer’s basic importation bond contains a provision authorizing such action.
 - B) The importer may enter merchandise subject to an exclusion order for thirty days after the exclusion order issues, at which point the Commission’s exclusion order becomes final and entry is no longer permitted.
 - C) Until the time the Commission’s exclusion order becomes final, the importer may enter merchandise subject to the exclusion order by filing a single entry bond with CBP in an amount determined by the U.S International Trade Commission to be sufficient to protect the complainant from any injury.
 - D) Until the time the Commission’s exclusion order becomes final, the importer may enter merchandise subject to the exclusion order by filing a single entry bond with CBP in an amount set by the port director to ensure compliance with the customs and related laws.
 - E) None of the above because an exclusion order is effective on the date it is issued and merchandise subject to that exclusion order cannot be entered lawfully after this point.
- 77) Imported merchandise has been detained for more than 30 days from the date the merchandise was presented for examination because CBP believes the merchandise may constitute “prohibited or restricted importations” relative to “articles involved in unfair competition,” and may be subject to an exclusion order issued by the Commission. Given that CBP failed to make a determination with respect to admissibility within 30 days after the merchandise was presented for examination, the importer may take the following action:
- A) File a protest with the Commission under 19 CFR 174 because CBP is detaining the merchandise due to the potential violation of an exclusion order
 - B) File a protest with CBP under 19 CFR 174
 - C) File a petition with CBP under 19 CFR 171
 - D) Commence an action in the U.S. Court of International Trade
 - E) None of the above because CBP has not formally acted on the merchandise and only suspects that the merchandise may be subject to an exclusion order

- 78) If imported merchandise is detained because CBP suspects it bears a counterfeit version of a mark that is registered with the U.S. Patent and Trademark Office and recorded with CBP, and the importer, upon written notification, does not provide information within seven days of such notification that establishes to CBP's satisfaction that the suspect mark is not counterfeit, or provides information that is insufficient to establish that the suspect mark is not counterfeit, CBP may disclose to the right holder:
- A) The entry documents and a sample or digital images of the merchandise including serial numbers, dates of manufacture, lot codes, batch numbers, universal product codes or other identifying marks appearing on the merchandise or its retail packaging
 - B) The names and addresses of the exporter and importer
 - C) The entry documents and the name and address of the manufacturer
 - D) A sample or digital images of the merchandise including serial numbers, dates of manufacture, lot codes, batch numbers, universal product codes or other identifying marks appearing on the merchandise or its retail packaging, but no entry documents
 - E) All of the above
- 79) Gray market articles, bearing a trademark registered with the U.S. Patent and Trademark Office and recorded with CBP, whose importation is restricted by CBP pursuant to regulation on the basis of physical and material differences:
- A) Can never be imported
 - B) Can only be imported with the consent of the U.S. trademark owner
 - C) Can be imported, after detention, if information appearing on the merchandise or its retail packaging, including, but not limited to, serial numbers, dates of manufacture, lot codes, batch numbers, and universal product codes, is disclosed to the U.S. trademark owner within five days of the date of importation
 - D) Can be imported notwithstanding any physical and material differences if it bears a conspicuous and legible label designed to remain on the imported articles in order to indicate that they are physically and materially different from the product authorized for sale in the U.S.
 - E) All of the above

80) A shipment of imported merchandise valued in excess of \$50,000 is detained on suspicion that the merchandise bears a suspect version of a federally registered trademark that is recorded with CBP. The importer is notified of the detention and given seven days in which to provide information that would establish that the merchandise does not bear a counterfeit mark. Because no information is provided in a timely manner, CBP provides the owner of the recorded trademark with digital images of the merchandise and its retail packaging, to include images that feature universal product codes that appear on the merchandise. Following receipt of the images, the trademark owner advises CBP that the suspect marks were not applied to the merchandise with authorization. CBP seizes the merchandise on the basis that it bears a counterfeit trademark. Which of the following actions can the importer take to secure the release of the shipment?

- A) Remove or obliterate the counterfeit mark in such a manner as to render the mark illegible or incapable of being reconstituted
- B) Establish that the personal use exemption allowed under 19 CFR § 148.55 is applicable in this situation
- C) Obtain the trademark owner's written consent to allow entry of the seized merchandise in its condition as imported or its exportation and entry after obliteration of the mark or other appropriate disposition
- D) Export the merchandise bearing the counterfeit mark to the country of exportation
- E) Remove or obliterate the counterfeit mark in such a manner as to render the mark illegible or incapable of being reconstituted then export it to the country of exportation

STOP.
THIS IS THE END OF THE TEST.

You may use the remaining time to go back and check your answers.

Please double check that your address is CORRECTLY bubbled in on your answer sheet. Your entire address must be filled in, including apartment numbers. Incorrect bubbling of your address will delay notification of the results of the exam. If your address does not fit into the appropriate boxes, provide the Test Administrator with your full address AFTER the exam. If you have finished double checking your information and would like to participate in the survey, please turn the page and respond to the following questions.

Section 3: Post-Examination Process Evaluation Survey

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

- 1) How difficult was the examination?
 - A) Very Easy
 - B) Easy
 - C) Moderate
 - D) Difficult
 - E) Very Difficult

- 2) How clear were the examination questions?
 - A) Very clear
 - B) Clear
 - C) Neither clear nor difficult to understand
 - D) Difficult to understand
 - E) Very difficult to understand

- 3) Would you have liked more, less, or the same amount of time for this examination?
 - A) Less time – I finished early
 - B) Same amount of time – it was just right
 - C) Slightly more time – to consider or review my answers
 - D) More time – I did not finish the examination