



Series 860
October 17, 2019

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**). There is no penalty for guessing; therefore, you should attempt to answer every question. **Each question has a single best answer.**

You are responsible for having the following references:

- Harmonized Tariff Schedule of the United States (2018 and/or 2019 Basic Edition, No Supplements)
- Title 19, Code of Federal Regulations (2018 Revised as of April 1, 2018, Parts 1 to END)
- Instructions for Preparation of CBP Form 7501 (July 24, 2012)
- Right to Make Entry Directive 3530-002A
- Business Rules and Process Document (Trade External 9.75, Sections 1 - 12)

You have four and a half (4.5) hours to complete this examination.

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

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

Section 1: Pre-Examination Process Evaluation Survey

This survey is administered to collect information about the examination process. The survey is **voluntary** and your responses will have no impact on your score.

1. What is your background regarding Customs laws and regulations?
 - A. Former CBP employee
 - B. Currently works or has worked for a broker in the past
 - C. Currently works or has worked for an importer on trade issues in the past
 - D. No working experience with Customs laws and regulations
 - E. Currently works or has worked for both broker and importer in the past

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 the examination

3. Approximately 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 the examination

Section 2: Customs Broker License Examination

Category I – Broker Compliance	Questions 1 - 8
Category II – Entry	Questions 9 - 19
Category III – Marking	Questions 20 - 22
Category IV – ACE	Questions 23 - 25
Category V – Anti-Dumping/Countervailing Duties	Questions 26 - 29
Category VI – Classification	Questions 30 - 43
Category VII – Bonds	Questions 44 - 47
Category VIII – Value	Questions 48 - 51
Category IX – Drawback	Questions 52 - 55
Category X – Practical Exercise	Questions 56 - 61
Category XI – Power of Attorney	Questions 62 -64
Category XII – Fines and Penalties	Questions 65 – 68
Category XIII – Intellectual Property Rights	Questions 69 – 72
Category XIV – Foreign Trade Zone/Warehouse	Questions 73 – 76
Category XV – Free Trade Agreements	Questions 77 - 80

Category I – Broker Compliance

1. What is a customs broker required to have in order to conduct customs business on behalf of others?

- A. A copy of the Customs Regulations
- B. Commercial invoices
- C. Payment of services rendered
- D. A valid power of attorney
- E. All of the above

2. John Henry, who is a licensed customs broker, presently has a permit in the port of Chicago. He would like to obtain a national permit. John has identified to CBP the following information:

- 1. License number and date of issuance
- 2. Address and telephone number of the office designated as the office of record
- 3. Set forth the name, broker, license number, office address and telephone number of the individual broker who will exercise responsible supervision and control

In order for John Henry to obtain his national permit, what other function would be required?

- A. Cancel his district permit
- B. Hire a licensed broker
- C. Attached a receipt of payment
- D. Prepare his email to CBP
- E. Prepare a waiver

3. Bills resulting from dishonored Automated Clearinghouse House transactions are due within ____days of the date of the issuance of the bill.

- A. 10
- B. 15
- C. 30
- D. 45
- E. 90

4. Andrew Balder, an employee of PM Morris Customs Brokerage (MCB), decides to import dual color lapel men's dress jackets to take advantage of the exploding popularity. One of the clients of MCB regularly imports comparable dress jackets and has outstanding sales. Which of the following statements is **CORRECT**?

- A. Andrew Balder may not import items similar to that of clients of MCB because it would be a conflict of interest.
- B. An employee of a broker may not also be an importer.
- C. Andrew Balder must notify the port director for permission to import such articles.
- D. Andrew Balder must apply for a waiver from the Commissioner.
- E. Andrew Balder must notify the client of MCB that they are also going to import dual color lapel men's dress jackets.

5. Which of the following is **NOT** "Customs Business" as defined in the Code of Federal Regulations?

- A. The payment of duties, taxes and other charges
- B. Corporate compliance activity
- C. Determining the admissibility of merchandise
- D. Determining the classification of merchandise
- E. The preparation and filing of CBP Form 7501

6. How many days does an examinee have to file an appeal of a failure to attain a passing grade on the customs broker written exam?

- A. 30 days
- B. 45 days
- C. 60 days
- D. 120 days
- E. 180 days

7. Which statement is **FALSE**?

- A. Each broker must designate a knowledgeable company employee to be the contact for Customs for broker-wide customs business and financial recordkeeping requirements.
- B. Other than power of attorney, records must be retained for at least 5 years after the date of entry.
- C. The status report must be accompanied by a fee of \$100 to defray the cost of administering the reporting requirements.
- D. A person must obtain a license to transact customs business as a broker.
- E. A application for a broker's license must be submitted in triplicate to the director of the port where the applicant intends to be business.

8. Which of the below time frame is **INCORRECT**?

- A. Five years after the revocation or cancellation "with prejudice" of a license, the ex-broker may petition the Assistant Commissioner for authorization to assist, or accept employment with, a broker.
- B. If a monetary penalty is assessed and no appeal from the Secretary's order is filed, payment of the penalty must be tendered within 60 calendar days after the effective date of the order, and, if payment is not tendered within that 60-day period, the license or permit of the broker will immediately be suspended until payment is made.
- C. If a broker who has been granted a permit for an additional district fails, for any continuous period of 180 days, to employ within that district (or region) at least one person who holds a valid individual broker's license, that failure will, in addition to any other sanction that may be imposed under this part, result in the revocation of the permit by operation of law.
- D. Each broker must file a written status report with Customs on February 1, 1985, and on February 1 of each year after that date.
- E. The broker must provide a written notification to each active client concerning the method of payment no later than February 28, 1983, and at least once at any time within each 12-month period after that date. An active client means a client from whom a broker has obtained a power of attorney and for whom the broker has transacted customs business on at least two occasions within the 12-month period preceding notification.

Category 2 – Entry

9. If the commercial invoice is in a foreign currency, the foreign currency shall be converted to U.S. dollars using the proclaimed rate or certified rate or rates effective on the_____ .
- A. Date the duties, taxes and fees are paid
 - B. Commercial invoice date
 - C. Release date
 - D. Date of importation
 - E. Date of exportation
10. Which of the below statements concerning nominal consignees is **FALSE**?
- A. For formal entry of a shipment, nominal consignees have the right to make entry on their own behalf.
 - B. Nominal consignees may not certify electronic transmissions of an entry summary.
 - C. Express consignment operators are an example of nominal consignees.
 - D. Nominal consignees may not enter merchandise for Temporary Importation Under Bond on their own behalf.
 - E. For informal entry of a shipment valued under \$800, nominal consignees have the right to make entry on their own behalf.
11. What action shall CBP take with regard to entries covering merchandise that is possibly prohibited by the Federal Food, Drug, and Cosmetic Act or the Federal Insecticide, Fungicide, and Rodenticide Act or the Federal Hazardous Substances Act before it is admitted into the United States?
- A. Admission shall be refused.
 - B. Liquidation shall be suspended.
 - C. Merchandise shall be destroyed.
 - D. Merchandise shall be exported.
 - E. Merchandise shall be admitted and transferred to bonded warehouse.

12. Using the rules for constructing the manufacturers ID code, construct an identifying code for the following example:

Ace Metal Fabrication
1579 Long Avenue
Whitehorse, Yukon Territory
Canada

- A. CAACEMET1579WHI
- B. CAACEMETFAB1WHI
- C. YTACEMET1579WHI
- D. XYACEMET1579WHI
- E. YTACMETFA1579WHI

13. The carrier, importer, or broker must present all required information to CBP by means of a CBP-approved electronic data interchange system no later than _____ prior to the carrier's reaching the first port of arrival in the United States.

- A. The scheduled date or time of arrival of the truck
- B. Either 30 minutes or 1 hour
- C. 5 working days in advance of the arrival of the first conveyance
- D. 15 calendar days after landing from a vessel, aircraft or vehicle, or after arrival at the port of destination
- E. Within 30 days

14. Which of the following options **CANNOT** be imported on a Temporary Importation Bond?

- A. Articles intended for consumption in the United States
- B. Articles to be repaired, altered or processed Merchandise imported for testing
- C. Articles intended solely for testing, experimental or review purposes
- D. Professional equipment, tools of trade, repair components for equipment or tools imported by nonresidents sojourning temporarily in the United States
- E. Automobiles brought temporarily into the United States by nonresidents for the purpose of taking part in races or other specific contests

15. The filing of an entry or entry summary for warehouse must be made by the importer of record (i.e., owner, purchaser, licensed customs broker). According to 19 CFR 144.31, only the importer of record would then have the right to withdraw merchandise from the warehouse unless _____.

- A. An actual owner's declaration is filed
- B. A superseding bond is filed
- C. The right to withdraw the goods has been transferred
- D. None of the above
- E. All of the above

16. The entry documentation required to secure the release of merchandise includes the CBP Form 3461 and **ALL** of the following supporting documentation **EXCEPT**:

- A. Evidence of the right to make entry
- B. Commercial Invoice
- C. Packing list
- D. Identification describing the consignee of the merchandise
- E. A unique 3-digit filer code

17. If merchandise has been entered under other than a warehouse entry, a warehouse entry may be substituted for the previous entry if _____.

- A. A warehouse entry may not be substituted
- B. It has remained in continuous customs custody
- C. The duty has not been paid
- D. The merchandise is perishable
- E. None of the above

18. A nonresident corporation, which is not incorporated within the customs territory of the United States or in the Virgin Islands of the United States, wishes to enter merchandise for consumption. The nonresident corporation will not file the entry from a remote location pursuant to subpart E of Part 143 of title 19 of the C.F.R.

In order to enter the merchandise for consumption, which of the following is **CORRECT**?

- A. The nonresident corporation must have a non-resident agent in the state where the port of entry is located.
- B. The nonresident corporation must have a resident agent in the state where the port of entry is located who is not authorized to accept service of process against that corporation.
- C. The nonresident corporation must file a bond, but the bond does not have to contain the bond conditions set forth in 19 C.F.R. § 113.62.
- D. The nonresident corporation must file a bond having a nonresident corporate surety to secure the payment of any increased and additional duties which may be found due.
- E. The nonresident corporation must have a resident agent in the state where the port of entry is located who is authorized to accept service of process against that corporation.

19. Which of the following statements is **NOT** true of the Agreement on Trade in Pharmaceutical Products?

- A. Product eligibility will be indicated in the HTSUS by a duty rate of “Free” followed by the symbol “K” in parentheses appearing in the “special” sub column for a heading or subheading.
- B. The product must be of a country eligible for tariff treatment under column 1.
- C. Salts, Esters, and hydrates of International Non-Proprietary Name products must be classifiable in the same 6-digit tariff provision as the relevant product enumerated in table.
- D. It can be found in General Note 14 of the HTSUS.
- E. Products must be included in the Pharmaceutical Appendix to the tariff schedule to be eligible.

Category 3 – Marking

20. All of the following are General exceptions to Country of Origin marking requirements **EXCEPT:**

- A. Articles that cannot be marked prior to shipment to the United States without injury
- B. Articles for which the marking of the containers will reasonably indicate the origin of the articles
- C. Articles which were produced 15 years prior to their importation into the United States
- D. Articles imported for use by the importer and not intended for sale in their imported or any other form
- E. Goods of a NAFTA country which are provided for in subheading 6904.10 or heading 8541 or 8542 of the Harmonized Tariff Schedule of the United States (HTSUS) (19 U.S.C. 1202)

21. Articles without country of origin marking, as required, shall be subject to additional duties of _____ percent of the final appraised value unless exported or destroyed under Customs supervision prior to liquidation of the entry.

- A. 10
- B. 20
- C. 50
- D. 100
- E. 200

22. All of the following are part of the J-List except:

- A. Steel Bands
- B. Briarwood in blocks
- C. Staples
- D. Raw hides
- E. Cotton fabric

Category IV – ACE

23. An eBond Single Transaction Bond may be changed to obtain a lower amount for an unconditionally duty free entry_____.

- A. Upon submission of entry summary
- B. Upon payment of statement
- C. Between cargo release and entry summary
- D. After submission of entry summary
- E. At anytime

24. An importer may cancel and replace a blanket NAFTA Certification in order to make the following changes **EXCEPT**:

- A. Description change
- B. Criterion change
- C. Net cost indicator from “No” to “NC”
- D. Name change of exporter, producer, or importer
- E. Date of submission

25. Which of the following statement is **FALSE**?

- A. Filers have the ability to change ACE Entry Summary data until the Entry Summary status is updated to “Paid.”
- B. Customs brokers must possess a valid national permit to file Remote Location Filing (RLF).
- C. If examination notification is received per 19 CFR10.38 a completed CF 3495 must accompany the goods to the designated examination location at the time of export.
- D. An entry summary that has been flagged for reconciliation may only be corrected if the change does not affect the flagged issue.
- E. An Affidavit of Manufacture declaration does not need the HTUS listed.

Category V- Anti-Dumping/Countervailing Duties

26. Tonya MacDonald imported sodium nitrate from Germany, which is classified under 2834.10.10 Harmonized Tariff Schedule of the United States, at a 5.5% ad valorem duty rate and is subject to antidumping duties under antidumping order A-428-841-000. The sodium nitrate is shipped by air and formally entered at John F. Kennedy International Airport. The total value of the shipment is \$8,432.00. The applicable antidumping duty cash deposit is 180.52%. What is the total amount of estimated duties and fees that should be reported on the CBP Form 7501?

- A. \$463.76
- B. \$492.97
- C. \$503.51
- D. \$15,685.21
- E. \$15,714.42

27. Which of the below is **NOT** considered an interested party.

- A. A foreign manufacturer, producer, or exporter, or any importer (not limited to importers of record and including the party against whom the allegation is brought), of covered merchandise or a trade or business association a majority of the members of which are producers, exporters, or importers of such merchandise
- B. A manufacturer, producer, or wholesaler in the United States of a foreign like product
- C. A trade or business association a majority of the members of which manufacture, produce, or wholesale a domestic like product in the United States
- D. A certified union or recognized union or group of workers that is representative of an industry engaged in the manufacture, production, or wholesale in the United States of a domestic like product
- E. If the covered merchandise is a processed agricultural product, as defined in 19 U.S.C. 1677(4)(E), a coalition or trade association that is representative of any of the following: processors; processors and producers; or processors and growers

28. John Henry imported seven ball bearings with integral shafts from China, 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 \$10,455.60. The applicable antidumping duty case deposit rate is 23.89%. What are the total amount of fees and estimated duties that should be reported on the CBP Form 7501? (Note: 301, 232, 201 are not applicable)

- A. \$250.94
- B. \$2748.88
- C. \$2497.94
- D. \$2785.00
- E. \$2785.10

29. Which of the following statements is **TRUE**?

- A. Entries of merchandise subject to antidumping duties are liquidated once the CBP Import Specialist determines that dumping has occurred.
- B. Liquidation of entries that include merchandise subject to antidumping duties is extended for up to 4 years.
- C. Liquidation of entries that include merchandise subject to antidumping duties is suspended pending notification from the Commissioner of Customs.
- D. Importers remit antidumping duties to the affected domestic producers.
- E. Antidumping entries that are not liquidated within 1 year from the date of entry are deemed liquidated by operation of law.

Category VI – Classification

30. What is the **CLASSIFICATION** for a wooden brush used to groom a horse that at time of importation is valued at \$1.46?

- A. 9603.29.8010
- B. 9603.29.8090
- C. 9603.90.8050
- D. 9615.19.4000
- E. 9615.19.6000

31. What is the **CLASSIFICATION** for this Light-emitting diode (LED) tube? The LED light tube consists of a linear glass tube with double ended bases (caps) and LEDs inside. It is designed to be used inside the light fixture as replacement lamp.

- A. 7013.99.9000
- B. 8535.50.0010
- C. 8539.50.0050
- D. 8543.70.7100
- E. 9405.40.8440

32. Which product is **CLASSIFIED** under 2008.97.1040, Harmonized Tariff Schedule of the United States (HTSUS), which provides for fruit ... otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included ... other ... mixtures ... in airtight containers and not containing apricots, citrus fruits, peaches or pears ... other?

- A. Cranberry fruit jam of whole cranberries, pieces of apples, strawberries and raspberries, containing added sugar and cinnamon, baked and packed in an airtight container.
- B. Guava preserved in brine packed in an airtight container.
- C. Infant food composed of a finely homogenized mixture of pears and beef packed in an airtight container.
- D. Peach Mango Paradise Baked Fruit Crisps mainly composed of rice flour, potato flakes, dried apples, sugar, whole oat flour, fructose, dextrose, dried peaches, and dried mangos. The ingredients are blended together to form a batter then baked to provide crispiness packed in an airtight container.
- E. Steamed coconut meat containing sugar, packed in an airtight container.

33. What is the **CLASSIFICATION** of cut-to-length stainless steel round wire? The stainless steel wire consists of 1.2 percent carbon, 12 percent chromium and 10 percent nickel. It is cold-formed and has a diameter of 1 mm.

- A. 7215.50.0090
- B. 7221.00.0018
- C. 7222.20.0043
- D. 7223.00.1045
- E. 7229.90.5031

34. What is the **CLASSIFICATION** of bathroom wall tiles which measure 30 centimeters long by 30 centimeters wide by .8 centimeters thick, and are comprised of approximately 71% natural dolomite uniformly agglomerated with a plastic binder?

- A. 6802.10.0000
- B. 6802.99.0060
- C. 6808.00.0000
- D. 6810.19.1200
- E. 6815.91.0070

35. What is the **CLASSIFICATION** of a plastic saucer shaped disc marketed to be sold and used as a dog toy? The plastic disc is identical in design, durability, thickness and size to that of a traditional “Frisbee- like” toy. The item is composed of 100% plastic and contains a printed image of a dog’s paw print on the top. The plastic saucer-shaped disc measures approximately 8" in diameter and is marketed for use as an entertaining throw or toss fetch toy, much like a toy ball, but with an added unique aerodynamic characteristic.

- A. 3924.90.5650
- B. 3926.90.9900
- C. 4016.99.2000
- D. 9503.00.0090
- E. 9506.99.6080

36. The dress is constructed of a knitted fabric which is composed wholly of man-made fibers. The dress features a floral print and is marked as “24 months.” You’ve been informed, and later confirmed, that the garment is for girls with a body height not exceeding 86 centimeters.

Within which ten digit subheading of Chapter 61 of the Harmonized Tariff Schedule of the United State (HTSUS) is the dress **CLASSIFIED**?

- A. 6104.42.0020
- B. 6104.43.1020
- C. 6104.43.2020
- D. 6110.30.3025
- E. 6111.20.4000

37. What is the **CLASSIFICATION** of an 80% polyester, 20% cotton, woven, unisex cape. The garment is manufactured in adult sizes.

- A. 6201.12.2050
- B. 6201.12.4030
- C. 6202.12.2050
- D. 6202.13.3010
- E. 6202.13.4020

38. What is the **CLASSIFICATION** of unassembled shower enclosures (enclosures consist of glass panels framed in aluminum, stainless steel fasteners and pulls, vinyl doorsteps and agglomerated stone bases) valued at \$10.00 each from China?

- A. 6810.19.5000
- B. 6810.99.0080
- C. 7010.90.5049
- D. 7013.99.9000
- E. 7018.90.5000

39. What is the **CLASSIFICATION** of a floor-standing industrial washing machine used to clean sheets or panels of glass? The machine, which incorporates a self-contained electric motor, uses brushes to clean the glass of dirt and contaminants.

- A. 8424.89.9000
- B. 8450.19.0000
- C. 8464.90.0110
- D. 8467.19.5090
- E. 8479.89.9499

40. The submitted sample identified by the importer as style # FF 888 is a pair of women's closed toe/open back, below the ankle, slip-on, house slippers. The upper is made of a polyester material. The midsole is composed of a plastic foam cushion. The polyester textile material outer sole is attached to flexible cardboard and is less than 3.5 mm thick. Small PVC dots, spaced approximate 3/8 to 1/2 of an inch apart, are added to the exterior surface of the textile for traction. The constituent material, that which has the greatest surface area in contact with the ground, is durable textile. Textile edging finishes and secures the perimeter of the outer sole unit. The F.O.B. value is \$5.00 per pair.

What is the **CLASSIFICATION**, within the Harmonized Tariff Schedule of the United States (HTSUS), for these slippers?

- A. 6402.99.7960
- B. 6403.99.9005
- C. 6404.19.7715
- D. 6405.20.9015
- E. 6405.90.9060

41. What is the **CLASSIFICATION** of a zinc bracelet plated in 18-karat gold that is set with 3 glass stones measuring 5 millimeters (mm), 10 imitation plastic gemstones measuring 7mm, and 2 Cubic Zirconia (CZ), semiprecious gemstones measuring 1.5mm?

- A. 7113.19.5090
- B. 7116.20.0500
- C. 7117.19.9000
- D. 7117.90.7500
- E. 7117.90.9000

42. In which of the following 6 digit subheadings would you **CLASSIFY** the imported product described in the paragraph below?

You have a mixture of the following chemical substances:

1H-Imidazole-1-carbonitrile (CAS # 36289-36-8), and 30 percent other additives and dispersing agents. The main chemical ingredient listed is a fungicide, used to kill fungus on various plants and surfaces. In its pure chemical form the main ingredient is a: Heterocyclic compounds with nitrogen hetero-atom(s) only. It is non-aromatic. The product is packaged for sale as imported for retail sale directly to consumers. Please be aware of the following Section and Chapter Notes. Chapter 29 Note 1 (a-h), Section VI (Products of the Chemical or Allied Industries) Note 2.

- A. 2924.11
- B. 2930.90
- C. 3302.10
- D. 3808.92
- E. 3824.99

43. What is the correct **CLASSIFICATION** of an above the ankle hunting boot that consists of a rubber outer sole and an upper that is composed primarily of leather with textile ornamentation? A textile lip connects the boot's insole to the boot's leather upper. The lip is sewn to the underside of the insole and then connects to the upper portion of the boot. A black welt strip extends around the top edge of the tread portion of the boot. The welt is affixed to the top edge of the outer sole by means of a single seam stitch and the toe cap of the boot is made of reinforced cowhide leather.

- A. 6403.40.30
- B. 6403.91.30
- C. 6404.11.20
- D. 6404.11.90
- E. 6405.10.00

Category VII – Bonds

44. On an active bond, when any identifying information concerning an importer changes, e.g., name change or address change, you must submit a_____.

- A. Notification Letter to the Port Director Office at the local port with all changes outlined
- B. CBP Form 7501 filed with corrections made concerning address and/or name change
- C. CBP Form 4811 to National Finance Center for system update
- D. CBP Form 5106 and bond rider submitted to National Finance Center where bond is on file for system update.
- E. Note attached to any entry package with requested changes noted

45. If merchandise is transferred directly to a container station from an importing carrier, which of the following entities is liable under bond for the safekeeping and delivery of the merchandise until it is formally receipted?

- A. Importer
- B. Broker
- C. Container Station
- D. Importing Carrier
- E. Bonded Warehouse

46. All of the following must be a continuous bond with the **EXCEPTION** of:

- A. Basic Custodial Bond
- B. Commercial Gauger Bond
- C. Basic Importation Bond
- D. Foreign Trade Zone Operator
- E. Control of Containers and Instruments of International Traffic Bond

47. What is mandatory to establish exportation and to cancel an export bond for narcotic drugs or any equipment, stores, or machinery for vessels if the articles are not placed on board vessels or aircraft under the provisions of section 309 or 317, Tariff Act of 1930?

- A. An International Carrier Bond
- B. Customs Form 4455
- C. A Foreign Landing Certificate
- D. The record of clearance of the export vessel
- E. Listing the merchandise on the outward manifest or outward bill of lading

Category VII – Value

48. All of the following are provided directly and free of charge by the U.S. buyer of imported merchandise for use in connection with the production or sale for export to the United States of high-end bathroom cabinets. What cost do you advise the U.S. buyer **NOT** to include in the transaction value of the bathroom cabinets?

- A. Advertising space on social media purchased by the U.S. buyer for the Chinese manufacturer to post prices and photos of the completed bathroom cabinets
- B. Metal hinges purchased by the U.S. buyer and sent to the Chinese manufacturer for incorporation into the cabinets
- C. A custom-made circular saw purchased by the U.S. buyer and sent to the Chinese manufacturer for precision cutting of the cabinet doors
- D. Luxury high-gloss paint purchased by the U.S. buyer and sent to the Chinese manufacturer to paint the cabinets
- E. A schematic drawing made in Ireland and provided by the U.S. buyer to the Chinese manufacturer for the cabinets' unique top made out of weathered, reclaimed wood

49. Which of the following costs should **NOT** be added to the price actually paid or payable to determine the transaction value for an entry of plush toys of a popular cartoon character?

- A. The cost of several high-speed sewing machines provided free of charge by the U.S. buyer/importer to the foreign manufacturer/exporter to sew the plush toys
- B. The sewing pattern designed in Canada, which is provided free of charge by the U.S. buyer to the foreign manufacturer
- C. The shipping costs paid by the U.S. buyer to import the plush toys
- D. The packing costs paid by the U.S. buyer
- E. The royalty fees related to the plush toys which the U.S. buyer is required to pay as a condition of the sale

50. Auto Parts USA, located in Michigan, is a subsidiary of Auto Parts International, located in Germany. Auto Parts USA buys and imports thousands of brake pads from Auto Parts International each year. Auto Parts USA purchases each brake pad from Auto Parts International for exactly \$10 per brake pad. Auto Parts USA would like to apply transaction value to its importations of brake pads. In order to establish that the relationship between Auto Parts USA and Auto Parts International did not affect the price actually paid or payable, Auto Parts USA has submitted to CBP the two parties' relevant bills, invoices and financial statements. In fiscal year 2018, the manufacturing bills and invoices showed that after recovering all costs, Auto Parts International made a profit of approximately 6 percent on each sale of its brake pads to Auto Parts USA. The financial statements reflected that Auto Parts International captured a firm-wide profit of approximately 6.3 percent on total brake pad sales in fiscal year 2018. On what basis has Auto Parts USA demonstrated that the relationship between the two parties did not affect the price actually paid or payable?

- A. The two parties settled the price in a manner consistent with the normal pricing practices of the auto parts industry.
- B. The two parties showed that the price closely approximates a test value.
- C. The two parties showed that the price closely approximates the transaction value of similar merchandise in sales to unrelated buyers in the United States.
- D. The two parties showed that CBP has previously examined the relationship.
- E. The two parties showed that the price is adequate to ensure recovery of all costs plus a profit which is equivalent to the firm's overall profit realized over a representative period of time in sales of merchandise of the same class or kind.

51. What is the transaction value of the shipment in the following scenario?

A U.S. business located in Duluth, Minnesota contracts with a manufacturer in Korea to produce 100 electric motors at a cost of \$10 per motor. The U.S. business also contracts with a design company in New York to prepare the schematics for use in the production of the motors at a cost of \$5,000. Upon completion, the motors are exported from Korea to China and used in the manufacture of household vacuum cleaners at a cost of \$100 per vacuum cleaner. The completed vacuum cleaners are shipped to the U.S. business and an invoice from the China manufacturer in the amount of \$10,000 is included in the shipment at the time of importation.

- A. \$1,000
- B. \$5,000
- C. \$10,000
- D. \$11,000
- E. \$15,000

Category IX – Drawback

52. A Notice of Intent to Export, Destroy, or Return Merchandise for Purposes of Drawback on CBP Form 7553 for merchandise that is going to be destroyed, shall be filed by the claimant with the CBP port where the destruction is to take place at least _____ working days prior to the date of intended destruction.

- A. 1
- B. 2
- C. 7
- D. 10
- E. 14

53. A drawback claimant must furnish a properly executed drawback bond if approved for _____ privilege.

- A. Waiver of prior notice of intent to export
- B. Accelerated payment
- C. Exporters summary procedure
- D. One time waiver of prior notice for past exports
- E. Commercial interchangeability pre-determination

54. Merchandise transferred to a Foreign Trade Zone shall be given _____ status in order to be considered exported for purposes of drawback.

- A. Non-privileged foreign
- B. Privileged foreign
- C. Zone restricted status
- D. Domestic
- E. Non-zone restricted

55. Which of the following statements regarding the Notice of Intent to Export, Destroy, or Return Merchandise for Purposes of Drawback is **CORRECT**?

- A. The claimant or the exporter must file at the port of intended examination a notice on CBP Form 7514 at least 30 working days prior to the date of intended exportation unless CBP approves another filing period or the claimant has been granted a waiver of prior notice.
- B. Within 5 working days after receipt, CBP will notify the party designated on the Notice in writing of CBP's decision to either examine the merchandise to be exported, or to waive examination.
- C. If CBP notifies the designated party, in writing, of its decision to waive examination of the merchandise, or, if timely notification of a decision by CBP to examine or to waive examination has not been received, the merchandise may be exported after 2 working days without delay.
- D. If CBP gives timely notice of its decision to examine the exported merchandise, the merchandise to be examined must be promptly presented to CBP, and CBP must examine the merchandise within 10 working days after presentation of the merchandise.
- E. If the examination is to be completed at a port other than the port of actual exportation or destruction, the merchandise shall be transported in-bond to the port of exportation.

Category X – Practical Exercise

Answer Question # 56-58 using the commercial invoice.

COMMERCIAL INVOICE				
4. Shipper/Exporter A.B.C. Company 55-5 Hung To Road, P. O. Box 1234 Kowloon, Hong Kong		5. No. and Date of Invoice US001836 Monday, August 14, 2019		
		6. No. and Date of L/C		
7. For Account and Risk of Messers Barbara's Closet 453 Main Street Key Largo, FL 33037 IRS# 12-345678900		8. L/C Issuing Bank		
9. Notify Party 10. Bankers Brokers , 231-423-1234		11. Remarks P/O No.: TPS001		
12. Port of Unlading Sailed-Key Largo, FL	13. Final Destination Key Largo, FL			
14. Carrier Seaway Express	15. Departure on or about August 10, 2019		<u>Marks and Numbers of Pkgs.</u> 38 ctns said to contain 378 pcs	
16. Description of Goods	17. Quantity	18. Unit Price	19. Amount	
Country of Origin: Hong Kong				
Knit Unisex Zipper front jackets 378 pieces 25.00USD \$9,450.00 38% poly, 38% cotton, 24% wool with leather piping around the collar GW 800 kg NW 756 kg				
TOTAL				
\$9450.00				
Master Bill: 001-63324833				

56. What is the Manufacturer's ID?

A.B.C. Company
55-5 Hung To Road, P. O. Box 1234
Kowloon, Hong Kong

- A. CNABC555KOW
- B. HKABC555KOW
- C. CNABCCOM1234KOW
- D. HKABCCOM1234HON
- E. KOABCCOM123KOW

57. What is the **CLASSIFICATION** of the knit unisex zipper front jacket?

- A. 6101.20.0010
- B. 6101.30.1500
- C. 6101.30.2010
- D. 6102.30.1000
- E. 6102.30.0500

58. What is the duty, taxes, and fees due on the shipment?

- A. \$989.54
- B. \$1256.03
- C. \$1547.09
- D. \$2296.19
- E. \$2308.00

Using the commercial invoice please answer question # 59 through 61

COMMERCIAL INVOICE				
20. Shipper/Exporter Fabrica de Artigos de Vestuario Top Job Grand River Building, Fi 2-4 Caracas, Venezuela		21. No. and Date of Invoice US001836 July 9, 2019		
23. For Account and Risk of Messers Quilting Express 678 Palmer Street Chicago, IL IRS# 98-765432100		22. No. and Date of L/C		
25. Notify Party 26. Penny Brokers , 431-123-5874		24. L/C Issuing Bank		
28. Port of Unlading Chicago, IL		29. Final Destination Chicago, IL		27. Remarks P/O No.: TPS001
30. Carrier Venezuela Airlines		31. Departure on or about July 1, 2019		
		Marks and Numbers of Pkgs. 50 cartons stc 5500 pieces		
32. Description of Goods		33. Quantity	34. Unit Price	35. Amount
Country of Origin: Venezuela				
Printed 100% cotton plain weave patchwork fabric 5500 pieces 2.35USD \$12,925.00				
GW 1250 kg NW 1200 kg				
TOTAL				
\$12,925.00				
Master Bill: 001-63324833				

ADDITIONAL INFORMATION: The fabric is made from patchwork squares, approximately 6" x 6" each, which have been sewn together for customers to use in making quilts. The fabric pieces contain 59 single yarns per centimeter in the warp and 28 single yarns per centimeter in the filling, and weigh 97.11 g/m². The average yarn number for this product has been calculated to be 89 in the metric system.

59. What is the Manufacturer ID?

Fabrica de Artigos de Vestuario Top Job
Grand River Building, Fi 2-4
Caracas, Venezuela

- A. VEFABDECAR
- B. VEFABGRACAR
- C. VETOPJOB24CAR
- D. VETOPJOBCAR
- E. VEFABDE24CAR

60. What is the **CLASSIFICATION** of the of the printed 100% cotton plain weave patchwork fabric?

- A. 5208.51.8020
- B. 5209.51.6015
- C. 5811.00.2000
- D. 6307.90.9889
- E. 9404.90.8505

61. What is the duty, taxes, and fees due on the shipment?

- A. \$859.05
- B. \$949.52
- C. \$1130.47
- D. \$1660.40
- E. \$1699.17

Category XI – Power of Attorney

62. In accordance with 19 C.F.R. 111.23, once revoked, how long must a licensed customs broker retain powers of attorney and letters of revocation?

- A. 5 years after the date of a client's properly documented insolvency
- B. 5 years after the date of revocation from previous broker
- C. 5 years after the date the licensed broker ceases conducting customs business
- D. 5 years after the date the client ceases to be an "active client"
- E. None of the above

63. Which of the following statements is **INCORRECT** regarding a power of attorney?

- A. A power of attorney must be legible.
- B. A power of attorney must identify a Grantor and a Grantee.
- C. A power of attorney may be completed on CBP Form 5291 "Power of Attorney."
- D. A power of attorney must identify only nonresident principals.
- E. A power of attorney must include the statement to accept service of process against a nonresident principal.

64. Powers of attorney issued by a partnership shall be limited to a period not to exceed _____ from the date of execution.

- A. 30 days
- B. 60 days
- C. 1 year
- D. 2 years
- E. 5 years

Category XII – Fines and Penalties

65. If accelerated disposition is requested on a protest and it is not allowed or denied within 30 days from request for accelerated disposition what would the status of the protest be?
- A. Protest is deemed approved.
 - B. Protest is forwarded to the Office of Rules and Regulations for further review.
 - C. Protest is deemed denied.
 - D. Protest stays open until decision is reached or 2 years from the filing date is reached when it will be deemed approved.
 - E. Protest is withdrawn allowing protestant to resubmit claim within 180 days of the protest withdrawal.
66. Petitions for relief from seizures must be filed within ____ days from the date of mailing of the notice of seizure.
- A. 5
 - B. 10
 - C. 30
 - D. 60
 - E. 90
67. Assuming that a protest is timely filed with CBP, which statement of the following options is a valid claim for a 514 Protest concerning an entry for consumption filed on July 1, 2019?
- A. The contest of the duty rate calculated for the country-wide rate in an anti-dumping duty order issued by the Department of Commerce, which is generally applicable to that entry
 - B. The contest of a denied request for reliquidation of under 19 U.S.C. § 1520(c)
 - C. The contest of the fee rate established for the USDA Agriculture Marketing Service fee, which is generally applicable to that entry
 - D. The contest of a denied petition to reliquidate an entry filed pursuant to 19 U.S.C. § 1520(d)
 - E. A request to change the importer of record, which was provided on the entry documentation for an entry for consumption, from the consignee to the owner of the merchandise

68. The assessed amount of a penalty issued under 19 U.S.C. 1526(f) for a seizure taken under 19 U.S.C. 1526(e) is derived from:

- A. Domestic Value
- B. Manufactured Suggested Retail Price Value
- C. Dutiable Value
- D. Foreign Value
- E. Transaction Value

Category XIII – Intellectual Property Rights

69. How much is the fee that should accompany an application to record one trademark with U.S. Customs and Border Protection for one class of merchandise?

- A. \$0; no fee required
- B. \$95
- C. \$190
- D. \$380
- E. \$570

70. An application to record a trade name shall be in writing addressed to the IPR & Restricted Merchandise Branch, 1300 Pennsylvania Avenue, NW., Washington, DC 20229, and shall include the following information **EXCEPT**:

- A. The name, complete business address, and citizenship of the trade name owner or owners (if a partnership, the citizenship of each partner; if an association or corporation, the State, country, or other political jurisdiction within which it was organized, incorporated or created)
- B. The name or trade style to be recorded
- C. The name and principal business address of each foreign person or business entity authorized or licensed to use the trade name and a statement as to the use authorized
- D. The identity of any parent or subsidiary company, or other foreign company under common ownership or control which uses the trade name abroad
- E. A description of the merchandise with which the copyright is associated

71. Which of the following is appropriate to challenge the seizure of merchandise for a violation of 19 USC 1526(e), as implemented by 19 CFR 133.21(d)?

- A. Filing a protest under 19 CFR 174
- B. Filing a petition under 19 CFR 172
- C. Filing a ruling request under 19 CFR 177
- D. All of the above
- E. None of the above

72. Which of the following is **TRUE** with respect to imported merchandise after the U.S. International Trade Commission (ITC) finds a violation of section 337 of the Tariff Act (19 USC 1337) and issues an exclusion order, as implemented by CBP under 19 CFR 12.39?

- A. The exclusion order is not effective until 60 days after issuance, at which point merchandise subject to the exclusion order no longer may be entered.
- B. Merchandise subject to the exclusion order may be entered under a single entry bond, in an amount set by the ITC, from the time the exclusion order issues until the time it expires.
- C. Merchandise subject to the exclusion order may be entered under bond, in an amount set by the ITC that is secured by the importer's basic importation bond.
- D. Merchandise subject to the exclusion order may be entered under bond as provided for in 19 CFR 113, until the determination of a violation becomes final.
- E. Merchandise subject to the exclusion order may not be entered after the exclusion order has issued.

Category XIV – Foreign Trade Zone

73. The operator of the Foreign Trade Zone shall maintain all records required pertaining to zone merchandise for what period of time?

- A. 1 year after merchandise is removed from the zone
- B. 5 years from the time of admission
- C. 5 years from the merchandise being removed from the zone
- D. Until all admissions have left the zone
- E. Must be electronically maintained until the Port Director gives authorization to destroy the records in accordance with the port policy.

74. Which of the following is **NOT** allowed within a Foreign Trade Zone (FTZ)?

- A. Admitting of merchandise in zone-restricted status for the purpose of destruction.
- B. Breaking a customs in-bond seal on a container of merchandise, upon arrival and admission into an FTZ.
- C. Retail sale of domestic status merchandise, for consumption within customs territory, without a permit.
- D. Manufacturing domestic status merchandise without a permit.
- E. Failing to report a shortage, not resulting from theft or suspected theft, of domestic status merchandise.

75. Which of the following statements, regarding bonded warehouse operations, is **ACCURATE**:

- A. Warehouse operators may allow manipulation of bonded merchandise, without prior approval from CBP, if the manipulation occurs in the bonded warehouse area.
- B. Merchandise entered and placed in a Class 9 warehouse must be unpacked for sale only upon receipt of a permit issued by the port director.
- C. The release of merchandise in general order may only be made by the warehouse proprietor upon presentation of a permit to release or delivery authorization signed by the appropriate Customs officer.
- D. Warehouse proprietors are not required to maintain inventory records of the merchandise received in the warehouse.
- E. Discontinuance of existing bonded warehouses status does not require CBP review.

76. ABC Smith & Co. manufactures small gardening hand-held shovels in its foreign trade zone (FTZ). For the shovels' production, the company imports and formally enters screws that are subject to a 2% ad valorem rate of duty, which the company then subsequently admits to its FTZ. Additionally, ABC Smith & Co. extracts raw metal from its mine in Minnesota. The raw metal is classified under an HTS with a 10% ad valorem rate of duty. ABC Smith & Co. then admits the extracted metal into its FTZ. Furthermore, ABC Smith & Co. admits to its FTZ as non-privileged foreign status merchandise plastic shovel handles that are subject to an 8% ad valorem rate of duty. In the FTZ, ABC Smith & Co. then smelts the raw metal, shapes it into the heads of shovels, and assembles the heads with the plastic shovel handles and screws to form finished hand-held shovels that are subject to a 4% ad valorem rate of duty. What rate of duty applies to the hand-held shovels upon withdrawal from the FTZ and entry into the customs territory of the United States?

- A. 2% ad valorem
- B. 4% ad valorem
- C. 8% ad valorem
- D. 10% ad valorem
- E. 20% ad valorem

Category XV – Free Trade Agreements

77. An importer may file a NAFTA claim within _____ for a refund of duties?

- A. 90 days from the date of the liquidation of the entry
- B. 180 days from the date of liquidation of the entry
- C. One year from the date of importation of the goods
- D. Three years of importation of the goods
- E. Five years from the date of importation

78. Goods wholly obtained or produced entirely in the territory of Canada, Mexico and/or the United States means all of the below **EXCEPT**:

- A. Mineral goods extracted in the territory of one or more of the NAFTA parties
- B. Live animals born and raised in the territory of one or more of the NAFTA parties
- C. Goods obtained from hunting, trapping, fishing in the territory of one or more of the NAFTA parties
- D. Vegetable goods, harvested in the territory of one or more of the NAFTA parties
- E. Goods (fish, shellfish and other marine life) taken from the sea by vessels registered or recorded with a non-NAFTA party and flying its flag

79. Fancy Jewelry Company exported 100 identical 14 karat gold bracelets from the United States to Brazil. In Brazil, its subsidiary company polished the gold bracelets. Polishing jewelry is an acceptable alteration under subheading 9802.00.50, HTSUS. The subsidiary then exported 50 of the polished gold bracelets from Brazil back to the United States, along with 50 Chinese origin 14 karat gold bracelets in the exact same style that Fancy Jewelry Company had exported from the United States for polishing one month earlier.

As Fancy Jewelry Company's customs broker, would you be correct to advise entry under subheading 9802.00.50, HTSUS?

- A. No, because subheading 9802.00.50, HTSUS, excludes commingled goods.
- B. No, because subheading 9802.00.50, HTSUS, excludes goods which are advanced in value or improved in condition.
- C. No, because subheading 9802.00.50, HTSUS, only applies to an importation of the exact same number of goods.
- D. Yes, only if Fancy Jewelry Company utilizes a warranty management method.
- E. Yes, only if Fancy Jewelry Company utilizes an inventory management method based on generally accepted accounting principles to account for the origin, value and classification of such articles. The same inventory management method must be used for all fungible articles.

80. What is the significance of the SPI (special program indicator) “P+” in HTSUS 0401.50.75, 0402.21.25 and 0403.90.78?

- A. U.S. materials are considered non-originating materials for purposes of performing the origination analysis.
- B. These goods are ineligible for the MPF (merchandise processing fee) exemption that benefit other CAFTA-DR goods.
- C. Dominican Republic goods are considered non-originating materials for purposes of performing the origination analysis.
- D. All materials must be of U.S. origin and all processing must be performed in a CAFTA-DR country exclusive of the U.S.
- E. Allows non-Party materials to count as originating materials, as long as all processing is performed in the CAFTA-DR.

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 notifications 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 administered to collect information about the examination process for the Customs Broker Exam. The survey is **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