Board Exam Desk

Customs Brokers Reviewer

Customs Brokers Licensure Examination | PRC | 120 original questions

2026 Edition | Updated November 2026

Original board-style practice questions with an answer key.

Practice questions

Customs Laws and Procedures

1. Under RA 10863 (CMTA), importation of goods begins at which point?

A. When the goods are actually unladen at the pier or airport terminal
B. When the importer lodges the goods declaration with the Bureau
C. When the bill of lading is issued at the foreign port of loading
D. When the carrying vessel or aircraft enters Philippine jurisdiction with intent to unlade

2. For dutiable goods, when is importation deemed terminated under the CMTA?

A. Upon complete discharge of the last package from the carrying vessel
B. Upon electronic lodgement of the goods declaration by the customs broker
C. Upon payment of duties, taxes and charges and issuance of the legal permit for withdrawal
D. Upon delivery of the goods to the consignee's own warehouse premises

3. A consignee's cargo was fully discharged and no extension was requested. Under the CMTA, within what period must the goods declaration ordinarily be lodged?

A. Within 30 days from the date the vessel first entered port limits
B. Within 15 days from the importer's receipt of the arrival notice
C. Within 15 days from the date of discharge of the last package
D. Within 5 working days from the issuance of the delivery order

4. How does the CMTA characterize an importer's liability for duties, taxes and other charges on imported goods?

A. As a contingent liability that arises only after a post clearance audit
B. As a solidary obligation of the carrier that brought the goods to port
C. As a debt of the customs broker who signed and lodged the declaration
D. As a personal debt to the government, discharged only by payment, and a lien on the goods

5. A shipment is flagged under the red lane of the selectivity system. What will customs do before release?

A. Review only the supporting documents without opening the container
B. Release the goods immediately and subject them to post clearance audit
C. Return the goods to the carrier for re-export to the country of origin
D. Conduct a documentary check together with a physical examination of the goods

6. Under the selectivity system, a yellow-lane goods declaration is generally subjected to which treatment?

A. Full physical examination of the goods with X-ray scanning of all cargo
B. Automatic release without any document review or examination at all
C. Mandatory laboratory analysis of samples taken from every package
D. Documentary review by the assessing officer without physical examination

7. An importer writes to the District Collector stating that he is giving up his shipment of damaged furniture to the government. This is an example of what?

A. Express abandonment
B. Implied abandonment
C. Voluntary forfeiture
D. Constructive re-export

8. What is the legal effect on goods that have been expressly or impliedly abandoned under the CMTA?

A. They remain the importer's property and are held in storage indefinitely
B. They are automatically returned to the foreign shipper at the carrier's cost
C. They are deemed the property of the government and disposed of under the CMTA
D. They are released to the customs broker as the importer's legal representative

9. Under the CMTA, within what period after the final payment of duties and taxes or customs clearance may the Bureau conduct a post clearance audit of an importer?

A. Within one year
B. Within five years
C. Within three years
D. Within ten years

10. In a seizure and forfeiture proceeding under the CMTA, on whom does the burden of proof rest?

A. On the District Collector who issued the warrant
B. On the arresting officer who reported the violation
C. On the claimant of the seized goods
D. On the Bureau's legal service acting as prosecutor

11. Under RA 10863, a balikbayan sends a parcel whose FOB value is PHP 9,500. Assuming the parcel contains no prohibited, restricted or regulated items, how is it treated?

A. It is subject to duty but exempt from value-added tax
B. It is not subject to duties and taxes as a de minimis importation
C. It is subject to VAT but exempt from customs duty
D. It is dutiable unless the sender is a registered OFW

12. A trader lodges a declaration for warehousing to store imported resin in a customs bonded warehouse. What is the status of the duties and taxes while the resin stays there?

A. They are paid in full upon entry into the bonded warehouse
B. Payment is suspended until the goods are withdrawn for consumption
C. They are permanently waived once the warehouse bond is posted
D. They are converted into a monthly storage fee owed to the operator

13. Raw materials for a registered export enterprise inside a special economic zone arrive at the Port of Manila. How are they normally moved to the zone?

A. Only after full payment of duties and VAT, refundable when products are exported
B. In transit under customs control, without payment of duties and taxes at the port
C. Only after the zone locator posts a cash bond equal to twice the duties
D. As an ordinary consumption entry with the zone exemption claimed later

14. A manufacturer paid duties on imported fabric, then exported the finished garments made from it. Which customs remedy lets it recover part of the duties paid?

A. Abatement
B. Duty drawback
C. Tentative release
D. Compromise settlement

15. Display equipment is brought in for a three-week trade fair and will be shipped out afterward. Which customs procedure best fits this situation?

A. Consumption entry with duties refundable upon re-exportation
B. Warehousing entry followed by a withdrawal for consumption
C. Temporary admission with conditional relief from duties and taxes
D. Transshipment under bond to the next foreign port of call

16. Which of the following is classified under the CMTA as a prohibited importation rather than a restricted one?

A. Firearms and ammunition imported without government authority
B. Gambling outfits and other gaming paraphernalia
C. Printed materials advocating or inciting treason or rebellion
D. Lottery tickets not authorized by the government

17. Customs examiners find undeclared goods hidden among declared cargo. Which officer issues the warrant of seizure and detention?

A. The District Collector of the port
B. The Commissioner of Customs
C. The Secretary of Finance
D. A judge of the Regional Trial Court

18. An importer declares a shipment using a fabricated supplier invoice to evade duties. Under the CMTA, this act is best described as what?

A. Outright smuggling
B. Implied abandonment
C. Technical smuggling
D. Simple misclassification

19. An importer lost its forfeiture case before the Commissioner of Customs. Where may it appeal the Commissioner's decision?

A. To the Court of Appeals
B. To the Office of the President
C. To the Regional Trial Court
D. To the Court of Tax Appeals

20. A forwarder declares goods for consumption, but a container with no matching manifest entry is found. Goods brought in without being declared to customs at all are best described as an example of what?

A. Outright smuggling
B. Technical smuggling
C. Express abandonment
D. Undervaluation

Tariff Classification

21. Under GIR 1 of the Harmonized System, what is the legal role of the titles of sections and chapters?

A. They are binding and prevail over heading texts
B. They decide classification when notes are silent
C. They apply only at the six-digit subheading level
D. They are provided for ease of reference only

22. A bicycle is imported unassembled in a single box with every part needed to build it. Which rule allows it to be classified as a complete bicycle?

A. GIR 2(b)
B. GIR 3(b)
C. GIR 2(a)
D. GIR 5(a)

23. A washing machine arrives without its control knobs and front panel trim but otherwise working. Why may it still be classified as a washing machine?

A. It has the essential character of the complete article under GIR 2(a)
B. It is a mixture of materials covered by GIR 2(b)
C. It is packed in a container suited for it under GIR 5(a)
D. The heading occurs last in numerical order under GIR 3(c)

24. A product appears classifiable under two headings, one describing it by name and the other in general terms. Which rule resolves the conflict?

A. GIR 3(b), the essential character
B. GIR 3(c), the last numerical heading
C. GIR 3(a), the most specific description
D. GIR 4, the goods most akin

25. A retail gift box contains an electric hair clipper, a plastic comb, small scissors and a cape, packed to be sold together. Under which rule is the whole set usually classified?

A. GIR 3(a), by the component with the most specific name
B. GIR 2(b), as a mixture of different materials
C. GIR 3(b), by the component giving essential character
D. GIR 5(b), as goods presented with their packing

26. Two headings merit equal consideration for a product, and neither GIR 3(a) nor GIR 3(b) resolves it. Which heading should be chosen?

A. The heading that occurs first in numerical order
B. The heading carrying the higher rate of duty
C. The heading that occurs last in numerical order
D. The heading chosen by the importer in the declaration

27. A novel product cannot be classified under any heading by applying GIRs 1 to 3. What does the HS direct next?

A. Classify it under the residual heading of Chapter 99
B. Classify it under the heading with the lowest duty rate
C. Defer classification until the WCO issues an opinion
D. Classify it under the heading for goods to which it is most akin

28. A fitted leather case specially shaped for a professional camera is imported together with the camera. How is the case classified?

A. Separately as a leather article
B. With the camera, under GIR 5(a)
C. With the camera, under GIR 3(c)
D. Separately, as a set under GIR 3(b)

29. Under GIR 5(b), which packing would NOT be classified together with the goods it contains?

A. Single-use corrugated cartons used to ship canned sardines
B. Plastic sacks used once for transporting bulk rice
C. Wooden crates of the ordinary kind used for one shipment of tiles
D. Steel cylinders for compressed gas, clearly suitable for repeated use

30. When choosing between subheadings of a heading, GIR 6 allows comparison only between which subheadings?

A. Subheadings with the same duty rate
B. Subheadings at the same level
C. Subheadings in different chapters
D. Subheadings named in the invoice

31. How many digits make up the internationally harmonized level of the HS code, and how many does the AHTN used in the Philippines use?

A. Four digits for the HS; six digits for the AHTN
B. Six digits for the HS; eight digits for the AHTN
C. Eight digits for the HS; ten digits for the AHTN
D. Six digits for the HS; ten digits for the AHTN

32. Which international organization develops and maintains the Harmonized Commodity Description and Coding System?

A. The World Trade Organization
B. The World Customs Organization
C. The International Chamber of Commerce
D. The United Nations Conference on Trade and Development

33. Which chapter of the Harmonized System is reserved for possible future use?

A. Chapter 66
B. Chapter 88
C. Chapter 59
D. Chapter 77

34. An importer argues that GIR 3(c) should apply even though the goods are clearly covered by one heading and its notes. Why is this argument wrong?

A. GIR 3(c) applies only to goods imported in sets for retail sale
B. GIR 3(c) may be invoked only by the Bureau, never by the importer
C. GIR 3(c) applies only at the subheading level under GIR 6
D. The GIRs apply in sequence, and GIR 1 already settles the classification

35. What is the legal status of the WCO Explanatory Notes to the Harmonized System?

A. They form part of the legal text and override chapter notes
B. They are private commentary with no recognized authority
C. They bind only countries that have not adopted the AHTN
D. They are the official interpretation of the HS, though not part of its legal text

36. A heading refers to articles of a given material. Which rule extends that reference to goods made partly of that material in combination with others?

A. GIR 2(a)
B. GIR 2(b)
C. GIR 3(a)
D. GIR 6

37. Live cattle, frozen fish fillets and fresh milk are all classified within which HS section?

A. Section II
B. Section III
C. Section I
D. Section IV

38. A stand-alone industrial electric motor is imported. In which HS chapter is it classified?

A. Chapter 85
B. Chapter 84
C. Chapter 87
D. Chapter 90

39. A brand-new passenger sedan is imported for personal use. Which HS chapter covers it?

A. Chapter 86
B. Chapter 88
C. Chapter 89
D. Chapter 87

40. A men's shirt made of woven (not knitted) cotton fabric is classified in which HS chapter?

A. Chapter 61
B. Chapter 62
C. Chapter 52
D. Chapter 63

Customs Valuation

41. Under the CMTA and the WTO Valuation Agreement, what is the primary basis of the customs value of imported goods?

A. The transaction value of identical goods
B. The deductive value based on local resale
C. The computed value based on production cost
D. The transaction value of the imported goods

42. When transaction value cannot be used, the alternative methods are applied in a fixed order. Which change in that order may the importer request?

A. Applying the fallback method before the identical goods method
B. Applying the similar goods method before the identical goods method
C. Applying the deductive value method before transaction value
D. Applying the computed value method before the deductive value method

43. An importer buys goods at FOB US$10,000.00. It also pays the seller's selling agent a commission of US$400.00 and its own buying agent US$250.00, neither included in the price. Freight is US$800.00 and insurance US$120.00. What is the dutiable value?

A. US$11,570.00
B. US$10,920.00
C. US$11,320.00
D. US$10,400.00

44. A buyer gave its foreign supplier molds costing US$9,000.00, free of charge, to produce 4,500 units. The first shipment has 1,500 units at FOB US$20.00 each, with freight of US$700.00 and insurance of US$100.00. If the assist is spread by units, what is the dutiable value of this shipment?

A. US$39,800.00
B. US$30,800.00
C. US$33,800.00
D. US$33,000.00

45. A buyer must pay the licensor a royalty for a trademark on the goods as a condition of buying them from the seller. How is the royalty treated in customs valuation?

A. It is added to the price because it relates to the goods and is a condition of sale
B. It is excluded because it is paid to a party other than the seller
C. It is excluded because royalties are always treated as service fees
D. It is added only if the licensor is related to the foreign seller

46. A CIF invoice of US$48,000.00 includes US$3,500.00 for installing the machine in the buyer's plant after importation, shown separately. What is the dutiable value?

A. US$44,500.00
B. US$48,000.00
C. US$51,500.00
D. US$41,000.00

47. The buyer pays a trucker to move imported goods from the Port of Manila to its warehouse in Laguna. How is this cost treated in customs valuation?

A. It is added as part of the cost of transport to the port
B. It is added only if it is billed by the foreign seller
C. It is added at a standard percentage of the FOB value
D. It is excluded because it is incurred after importation

48. A buyer purchases goods on 180-day credit and the invoice separately shows interest under the financing arrangement. How is the interest treated?

A. It is added because it forms part of the total amount paid
B. It is added only if the interest rate exceeds market rates
C. It is excluded only if paid to a bank instead of the seller
D. It is excluded from the customs value if shown separately

49. A foreign parent company sells goods to its Philippine subsidiary. How does this relationship affect the use of transaction value?

A. It automatically disqualifies transaction value, so a later method must be used
B. It requires adding a fixed mark-up to the invoice price before assessment
C. It is not a ground to reject transaction value by itself; the circumstances of sale are examined
D. It requires valuation using the selling price of the goods in the Philippines

50. For valuation purposes, which goods qualify as identical goods?

A. Goods produced in the same country that are the same in all respects, allowing minor differences in appearance
B. Goods of any origin with the same tariff heading and similar commercial function
C. Goods made from similar materials that perform the same functions
D. Goods sold by the same exporter at the same price in the same month

51. When using the identical goods method, the identical goods must have been exported to the Philippines at what time relative to the goods being valued?

A. Within the same calendar year
B. Within the following quarter
C. At or about the same time
D. At any time in the past five years

52. Identical goods are sold in the Philippines to unrelated buyers in the greatest aggregate quantity at PHP 2,400.00 per unit. Per unit, profit and general expenses are PHP 480.00, local transport and insurance PHP 60.00, and duties and national taxes PHP 310.00. What is the deductive value per unit?

A. PHP 1,550.00
B. PHP 1,610.00
C. PHP 1,860.00
D. PHP 1,920.00

53. Per unit, a producer's materials cost US$14.00, fabrication US$6.00, profit and general expenses US$3.50, packing US$0.50, and transport and insurance to the Philippine port US$1.20. Using the computed value method on a CIF basis, what is the value of 2,000 units?

A. US$50,400.00
B. US$47,000.00
C. US$48,000.00
D. US$40,000.00

54. Under the fallback method, which basis is prohibited for determining customs value?

A. Identical goods exported in a wider time frame
B. Reasonably flexible use of the deductive method
C. Similar goods produced in another country
D. Minimum customs values

55. Goods are bought at FOB US$20,000.00, with freight of US$1,400.00 and insurance of US$200.00. The contract gives the seller 5% of the buyer's resale proceeds, which are known to be US$36,000.00. What is the dutiable value?

A. US$23,400.00
B. US$21,600.00
C. US$21,800.00
D. US$25,200.00

56. The buyer pays for special export cartons and the labor of packing goods at the factory, and these are not in the invoice price. How are they treated?

A. They are excluded as costs incurred before sale
B. They are added to the price actually paid or payable
C. They are added only if the cartons are reusable
D. They are excluded if paid in the importer's currency

57. Goods are bought CFR Manila at US$15,600.00. The importer separately pays marine insurance of US$90.00. At an exchange rate of PHP 57.80 per US dollar, what is the dutiable value?

A. PHP 901,680.00
B. PHP 912,084.00
C. PHP 896,478.00
D. PHP 906,882.00

58. Which restriction on the buyer does NOT prevent the use of transaction value?

A. A ban on the buyer reselling or using the goods at all
B. A price set on condition the buyer also buys other goods
C. A sale where seller proceeds cannot be reliably quantified
D. A restriction limiting resale of the goods to the Philippines

59. Goods are bought EXW at US$8,000.00. The buyer pays US$300.00 inland transport to the export port, US$100.00 for loading, US$900.00 ocean freight to Manila and US$60.00 insurance. What is the dutiable value?

A. US$8,960.00
B. US$9,360.00
C. US$9,300.00
D. US$8,400.00

60. Which of the following is NOT part of the dutiable value of imported goods?

A. Philippine customs duties and taxes on the goods
B. Ocean freight to the Philippine port
C. Selling commissions borne by the buyer
D. Assists supplied free by the buyer

Computation of Duties and Taxes

61. An importation has FOB US$4,400.00, freight US$520.00 and insurance US$80.00. At PHP 56.00 per US dollar and a duty rate of 10%, what is the customs duty?

A. PHP 24,640.00
B. PHP 28,000.00
C. PHP 27,552.00
D. PHP 25,088.00

62. An importation has FOB US$12,000.00, freight US$1,100.00 and insurance US$150.00. At PHP 57.50 per US dollar and a duty rate of 15%, what is the customs duty?

A. PHP 114,281.25
B. PHP 103,500.00
C. PHP 112,987.50
D. PHP 91,425.00

63. Dutiable value is PHP 500,000.00 and the duty rate is 7%. Other charges are: brokerage fee PHP 7,500, arrastre PHP 3,200, wharfage PHP 400 and other fees PHP 1,500. Assume VAT is 12% of dutiable value plus duty plus these charges. What is the VAT?

A. PHP 60,000.00
B. PHP 65,712.00
C. PHP 64,200.00
D. PHP 61,512.00

64. Dutiable value is PHP 820,000.00 and the duty rate is 5%. Brokerage fee is PHP 9,000, arrastre PHP 4,600, wharfage PHP 550 and other fees PHP 1,850, all part of the 12% VAT base with duty. What is the total of duty and VAT?

A. PHP 144,320.00
B. PHP 139,400.00
C. PHP 146,240.00
D. PHP 105,240.00

65. An importer brings in 1,200 liters of an excisable beverage. Dutiable value is PHP 360,000.00, duty is 10%, and excise tax is assumed at PHP 60 per liter. Other charges in the VAT base total PHP 6,000.00. At 12% VAT, what is the VAT?

A. PHP 48,240.00
B. PHP 56,160.00
C. PHP 56,880.00
D. PHP 52,560.00

66. Goods with dutiable value of PHP 1,250,000.00 face 15% MFN duty but 0% under ATIGA with a valid Form D. Assuming 12% VAT on a base that includes duty, how much does the importer save in duty and VAT together by using Form D?

A. PHP 187,500.00
B. PHP 165,000.00
C. PHP 210,000.00
D. PHP 22,500.00

67. An invoice shows FOB EUR 6,000, freight EUR 450 and insurance EUR 50. At PHP 63.20 per euro and a duty rate of 3%, what is the customs duty?

A. PHP 12,229.20
B. PHP 12,324.00
C. PHP 11,376.00
D. PHP 11,470.80

68. A shipment has FOB US$20,000.00 and freight US$1,800.00; actual insurance is unknown. For this problem, assume insurance at 2% of FOB. At PHP 58.00 per US dollar, what is the dutiable value?

A. PHP 1,287,600.00
B. PHP 1,264,400.00
C. PHP 1,289,688.00
D. PHP 1,160,000.00

69. An importer declared dutiable value of PHP 400,000.00, but the correct value is PHP 520,000.00. The duty rate is 10%. Assume a surcharge of 250% of the duty discrepancy applies. What is the surcharge?

A. PHP 30,000.00
B. PHP 12,000.00
C. PHP 42,000.00
D. PHP 100,000.00

70. Goods with dutiable value of PHP 640,000.00 were declared under a heading at 5% duty; the correct heading carries 20%. Assuming 12% VAT on a base that includes duty, what is the total deficiency in duty and VAT?

A. PHP 96,000.00
B. PHP 107,520.00
C. PHP 128,000.00
D. PHP 115,200.00

71. A shipment weighs 3,200 kg net and 3,450 kg gross. Assume a specific duty of PHP 8.00 per kilogram of net weight. What is the duty?

A. PHP 27,600.00
B. PHP 2,000.00
C. PHP 26,600.00
D. PHP 25,600.00

72. Assume a brokerage fee schedule of PHP 5,300 plus 0.125% of the dutiable value in excess of PHP 200,000. What is the brokerage fee on a dutiable value of PHP 1,480,000.00?

A. PHP 7,150.00
B. PHP 6,900.00
C. PHP 21,300.00
D. PHP 1,600.00

73. An anti-dumping duty equal to the full dumping margin applies. Normal value is US$42.00 per unit and export price is US$35.00 per unit for 10,000 units. At PHP 56.50 per US dollar, what is the anti-dumping duty?

A. PHP 3,955,000.00
B. PHP 4,746,000.00
C. PHP 395,500.00
D. PHP 19,775,000.00

74. Goods with dutiable value of PHP 900,000.00 and weight of 18,000 kg carry 5% regular duty plus an assumed safeguard duty of PHP 4.50 per kg. What is the total of the regular and safeguard duties?

A. PHP 45,000.00
B. PHP 81,000.00
C. PHP 130,050.00
D. PHP 126,000.00

75. A manufacturer paid PHP 240,000.00 in duties on imported materials, and 75% of those materials went into products later exported. Assume drawback equals 99% of duties on the materials used in the exports. What is the drawback?

A. PHP 178,200.00
B. PHP 180,000.00
C. PHP 237,600.00
D. PHP 59,400.00

76. For goods with dutiable value of PHP 2,000,000.00, the duty rate drops from 10% to 5%. Other VAT base items stay the same. By how much does the 12% VAT on importation decrease?

A. PHP 100,000.00
B. PHP 12,000.00
C. PHP 112,000.00
D. PHP 6,000.00

77. An importer paid PHP 55,500 in customs duty on goods with a dutiable value of PHP 740,000. What ad valorem duty rate was applied?

A. 7%
B. 8%
C. 7.5%
D. 6.5%

78. Goods have dutiable value of PHP 1,500,000.00, 30% duty, and an assumed excise tax of 20% of dutiable value. Charges in the VAT base total PHP 12,000.00. At 12% VAT, what is the total of duty, excise and VAT?

A. PHP 985,440.00
B. PHP 1,021,440.00
C. PHP 1,020,000.00
D. PHP 1,122,240.00

79. An invoice covers 2,400 units at FOB US$3.25 each, with total freight of US$600.00. Assume insurance of 0.5% of FOB. At PHP 57.00 per US dollar, what is the dutiable value?

A. PHP 481,023.00
B. PHP 481,194.00
C. PHP 478,800.00
D. PHP 444,600.00

80. An importer paid PHP 78,000.00 in 12% VAT on importation. The VAT base included 5% duty on dutiable value and PHP 10,000.00 of other charges. What was the dutiable value?

A. PHP 619,047.62
B. PHP 640,000.00
C. PHP 609,523.81
D. PHP 608,000.00

Customs Brokers Law and Professional Practice

81. RA 9280, the Customs Brokers Act of 2004, was amended by which law?

A. RA 10863
B. RA 8293
C. RA 9853
D. RA 10912

82. How is the Professional Regulatory Board for Customs Brokers composed?

A. A chairperson and four members
B. A chairperson and six members
C. A chairperson and two members
D. Three members with a rotating chair

83. To pass the Customs Broker Licensure Examination, what rating must an examinee obtain?

A. A general average of at least 75% with no rating below 50% in any subject
B. A general average of at least 70% with no rating below 60% in any subject
C. A general average of at least 75% with no rating below 60% in any subject
D. A general average of at least 80% with no rating below 50% in any subject

84. Which agency administers the licensure examination and issues the certificate of registration to customs brokers?

A. The Bureau of Customs through its Commissioner
B. The Department of Finance through its Secretary
C. The Professional Regulation Commission through the Board
D. The Tariff Commission through its Chairperson

85. A newly licensed customs broker wants to file goods declarations at the ports. Besides PRC registration, what is generally also required?

A. Membership in a chamber of commerce
B. Accreditation with the Bureau of Customs
C. Registration as a freight forwarder with DTI
D. A separate license from the Tariff Commission

86. A client asks a customs broker to lower the declared value on the invoice to cut duties. What should the broker do?

A. Comply but keep the original invoice in the broker's private files
B. Refuse and declare the correct value based on the true transaction
C. Comply if the client signs a waiver releasing the broker from liability
D. Declare the lower value but pay the difference from the broker's fee

87. A licensed broker is asked by a friend without a license to let the friend use the broker's name and license number for a fee. This act is best described as what?

A. Aiding the unauthorized practice of the profession
B. A valid sub-agency arrangement under the CMTA
C. Acceptable if the broker reviews the friend's work monthly
D. A permissible referral fee between business partners

88. A broker learns confidential pricing data while handling a client's shipments. A competitor of the client offers to pay for it. What is the proper response?

A. Decline, because client information must be kept confidential
B. Accept, because the data is already filed with the government
C. Accept only after the shipments are fully cleared and paid
D. Share only summary figures that do not name the client

89. A client deposits PHP 250,000 with its broker for duties and taxes on a pending shipment. How should the broker handle the funds?

A. Treat them as an advance on professional fees for future work
B. Invest them temporarily and keep any interest earned as income
C. Use them only for the stated purpose and account for them to the client
D. Mix them with the broker's operating funds until the duties fall due

90. A customs examiner hints that a cash gift would speed up release of a client's goods. What is the broker's correct course of action?

A. Pay the amount and bill it to the client as a service fee
B. Pay the amount only if the client gives written consent
C. Offer a smaller amount to avoid delaying the shipment
D. Refuse the request and use proper channels to report it

91. A broker's staff prepares a goods declaration, and the broker signs it without checking the entries. Who is professionally responsible for its accuracy?

A. The signing customs broker
B. Only the staff member who encoded it
C. Only the importer who supplied the documents
D. Only the assessing customs officer

92. A broker with no experience in classifying chemical products is offered a complex chemical import engagement. What is the most ethical approach?

A. Accept and rely entirely on the classification proposed by the shipper
B. Accept only with adequate study or qualified help, or decline it
C. Accept and use the heading with the lowest duty to please the client
D. Accept but tell the client that errors will not be the broker's concern

93. A broker discovers, after release, that a declaration contained an honest error causing a duty shortfall. What is the best professional response?

A. Stay silent since the goods have already been released
B. Wait for the Bureau to discover it during an audit
C. Amend the broker's own records to hide the error
D. Inform the client and help correct and settle the deficiency

94. A broker is approached by two competing importers whose interests conflict in the same pending customs case. What should the broker do?

A. Represent both and decide which side to favor later
B. Represent both, since customs matters are purely clerical
C. Represent whichever client pays the higher professional fee
D. Avoid representing both without full disclosure and the consent of each

95. A broker advertises a 'guaranteed green lane for every shipment.' Why is this improper?

A. It is proper as long as the fee charged is disclosed beforehand
B. It is improper only if the broker has fewer than ten clients
C. It is a misleading claim, since lane assignment is decided by customs
D. It is proper because brokers may request lane assignments

96. Which of the following activities falls within the practice of a customs broker?

A. Preparing and lodging goods declarations and computing duties and taxes for clients
B. Approving the release of goods in place of the District Collector
C. Setting tariff rates for goods not yet covered by the AHTN
D. Issuing warrants of seizure for misdeclared shipments

97. A broker's certificate of registration is revoked after administrative proceedings. What is the effect on the broker's practice?

A. The broker may continue practicing for existing clients only
B. The broker may practice if a licensed partner co-signs entries
C. The broker may practice until the professional ID expires
D. The broker may no longer lawfully practice as a customs broker

98. A client insists on declaring used machinery as brand-new to qualify for a lower valuation reference. What is the broker's obligation?

A. Declare the goods accurately based on their true condition and nature
B. Follow the client's instruction since the client bears all liability
C. Declare it as new but attach a private note on the actual condition
D. Leave the condition field blank so customs will decide during examination

99. Why must a customs broker keep copies of declarations and supporting documents for a period after clearance?

A. They may be required in a post clearance audit or other verification
B. They are needed only to compute the broker's annual income tax
C. They replace the importer's own duty to keep import records
D. They are needed only if the goods are later re-exported

100. A broker offers a shipping line staff member a share of fees for steering consignees to the broker. Why is this improper?

A. It is fee-splitting with an unlicensed person to obtain clients
B. It is proper because shipping lines are private entities
C. It is improper only if the amount exceeds the legal fee
D. It is proper as long as the client is not charged extra

International Trade, Incoterms and Rules of Origin

101. How many rules are contained in Incoterms 2020?

A. Eleven
B. Thirteen
C. Nine
D. Twelve

102. Which Incoterms 2020 rule replaced DAT and is the only rule requiring the seller to unload the goods at destination?

A. DAP
B. DPU
C. DDP
D. CPT

103. Under Incoterms 2020, what minimum insurance cover must the seller obtain under CIP, compared with CIF?

A. Institute Cargo Clauses (A) for CIP, and Clauses (C) for CIF
B. Institute Cargo Clauses (C) for both CIP and CIF
C. Institute Cargo Clauses (A) for both CIP and CIF
D. Institute Cargo Clauses (B) for CIP, and Clauses (A) for CIF

104. A seller under FCA needs an on-board bill of lading to collect under a letter of credit. What does Incoterms 2020 allow?

A. The seller must switch to EXW so that the buyer issues the bill of lading
B. The seller must ship under DDP to obtain the bill of lading
C. The bill of lading must be issued by the buyer's bank instead
D. The parties may agree that the buyer instructs its carrier to issue one to the seller

105. Under which Incoterms rule does the seller have the least obligation, with the buyer also handling export clearance?

A. FCA
B. EXW
C. FAS
D. FOB

106. A Philippine buyer agrees to purchase goods DDP Makati. Who is responsible for paying Philippine import duties and VAT?

A. The seller
B. The buyer
C. The carrier
D. The buyer's bank

107. Under FOB Shanghai, when does risk of loss pass from seller to buyer?

A. When the goods are handed to the first carrier inland
B. When the goods are placed on board the vessel at Shanghai
C. When the vessel arrives at the Port of Manila
D. When the goods are cleared through Philippine customs

108. Goods sold CFR Manila are damaged by seawater during the ocean voyage. Who bears the loss under the Incoterms rule?

A. The seller, because it paid the freight up to Manila
B. The seller, because delivery happens only at Manila
C. The buyer, because risk passed when goods were loaded on board
D. The carrier, because CFR includes cargo insurance

109. Under FAS, where does the seller complete delivery?

A. When the goods are loaded on board the vessel at the port of shipment
B. When the goods are placed alongside the vessel at the named port of shipment
C. When the goods are unloaded at the buyer's named place of destination
D. When the goods are handed to the buyer at the seller's own premises

110. A seller stuffs goods into a container at its factory and hands it over at an inland terminal for ocean shipment. Which rule does the ICC guidance generally recommend over FOB for this?

A. FAS
B. FCA
C. CFR
D. EXW

111. Which function does a negotiable ocean bill of lading serve that an air waybill does not?

A. It serves as a receipt for the goods shipped
B. It serves as evidence of the contract of carriage
C. It identifies the shipper and the consignee
D. It acts as a document of title to the goods

112. Under ATIGA, what certificate of origin form is used to claim preferential tariff treatment within ASEAN?

A. Form E
B. Form D
C. Form A
D. Form AK

113. A product exported within ASEAN has FOB value of US$50 per unit and US$32 of non-originating materials per unit. Using the indirect formula and the ATIGA general threshold of 40%, what is the regional value content?

A. 64%; it meets the 40% threshold
B. 36%; it does not meet the 40% threshold
C. 36%; it meets the threshold for ATIGA
D. 56.25%; it meets the 40% threshold

114. Under UCP 600, what do banks examine when deciding whether to pay under a documentary letter of credit?

A. The goods themselves through a bank-appointed surveyor
B. The sales contract between the buyer and the seller
C. The importer's customs assessment notice and receipts
D. The documents presented, not the goods themselves

115. What is the main purpose of a packing list in an import shipment?

A. To state the price and payment terms agreed by the parties
B. To prove the country where the goods were produced
C. To detail the contents, quantities and weights of each package
D. To serve as the carrier's receipt and contract of carriage

116. Under rules of origin, which product is considered wholly obtained in the exporting country?

A. Wire drawn there from imported copper rods
B. Copper ore mined from the soil of that country
C. Garments sewn there from imported fabric
D. Coffee roasted there from imported beans

117. ASEAN-origin goods pass through a non-member port for transshipment before reaching Manila. What generally preserves their preferential status?

A. Repacking and relabeling the goods at the transit port for the final buyer
B. Obtaining a new certificate of origin from the transit country's authority
C. Paying the transit country's import duties before re-exporting the goods
D. Staying under customs control there with no processing beyond unloading and reloading

118. A consolidator combines several shippers' cargo into one container and issues each shipper its own bill of lading. What is this document commonly called?

A. A master bill of lading
B. A charter party bill of lading
C. A house bill of lading
D. A through air waybill

119. A consignee leaves a full container inside the port terminal beyond the free time. Which charge is usually incurred?

A. Demurrage
B. Detention
C. Wharfage
D. Dead freight

120. Which group lists only Incoterms 2020 rules meant for sea and inland waterway transport?

A. FCA, FOB, CPT and CIF
B. FAS, FOB, CIP and DAP
C. EXW, FAS, CFR and DPU
D. FAS, FOB, CFR and CIF

Answer key

Customs Brokers

1. D. When the carrying vessel or aircraft enters Philippine jurisdiction with intent to unlade

The CMTA provides that importation begins when the carrying vessel or aircraft enters Philippine jurisdiction with the intention to unlade there.

2. C. Upon payment of duties, taxes and charges and issuance of the legal permit for withdrawal

Importation of dutiable goods ends when duties, taxes and other charges are paid or secured and the legal permit for withdrawal is granted.

3. C. Within 15 days from the date of discharge of the last package

The CMTA requires lodgement within 15 days from discharge of the last package, extendible once for another 15 days upon valid request.

4. D. As a personal debt to the government, discharged only by payment, and a lien on the goods

The liability for duties and taxes is a personal debt of the importer to the government, discharged only by payment, and also constitutes a lien on the goods.

5. D. Conduct a documentary check together with a physical examination of the goods

Red-lane shipments undergo both documentary review and physical examination; yellow lane is documentary review only.

6. D. Documentary review by the assessing officer without physical examination

Yellow lane means documentary checking only; red lane adds physical examination, while green lane allows release without examination.

7. A. Express abandonment

Abandonment is express when the owner or importer signifies in writing to the District Collector the intention to abandon the goods.

8. C. They are deemed the property of the government and disposed of under the CMTA

Abandoned goods are deemed property of the government, to be disposed of in accordance with the CMTA.

9. C. Within three years

The CMTA allows the Bureau to conduct audit examination, inspection and verification within three years from the date of final payment of duties and taxes or customs clearance.

10. C. On the claimant of the seized goods

In all proceedings for forfeiture of goods, the burden of proof lies upon the claimant.

11. B. It is not subject to duties and taxes as a de minimis importation

The CMTA exempts from duties and taxes importations with an FOB or FCA value of PHP 10,000 or below; PHP 9,500 is within that limit.

12. B. Payment is suspended until the goods are withdrawn for consumption

Goods under warehousing remain under customs control with duties and taxes held in suspense, becoming payable when withdrawn for domestic consumption.

13. B. In transit under customs control, without payment of duties and taxes at the port

Goods destined for free zones are transferred under customs control and security arrangements without payment of duties and taxes at the port of discharge.

14. B. Duty drawback

Drawback is the refund of duties and taxes paid on imported materials that are used in producing goods subsequently exported.

15. C. Temporary admission with conditional relief from duties and taxes

Temporary admission allows goods for exhibitions and similar purposes to enter with conditional relief, usually upon security or an ATA carnet, if re-exported within the allowed period.

16. C. Printed materials advocating or inciting treason or rebellion

Written or printed matter advocating treason or rebellion is a prohibited importation; firearms without authority, gambling outfits and unauthorized lottery tickets are restricted.

17. A. The District Collector of the port

The District Collector issues the warrant of seizure and detention and has jurisdiction over the seizure and forfeiture proceedings at the port.

18. C. Technical smuggling

Technical smuggling is importing goods through fraudulent, falsified or erroneous declarations or documents to evade payment of duties and taxes.

19. D. To the Court of Tax Appeals

Decisions of the Commissioner in seizure, forfeiture and protest cases are appealable to the Court of Tax Appeals.

20. A. Outright smuggling

Outright smuggling is importing goods without complying with documentary and processing requirements, such as goods not manifested or declared at all.

21. D. They are provided for ease of reference only

GIR 1 states that titles of sections, chapters and sub-chapters are for ease of reference only; classification follows the terms of headings and relative notes.

22. C. GIR 2(a)

GIR 2(a) extends a heading to articles presented unassembled or disassembled, as well as incomplete articles having the essential character of the complete one.

23. A. It has the essential character of the complete article under GIR 2(a)

GIR 2(a) covers incomplete or unfinished articles if, as presented, they have the essential character of the complete or finished article.

24. C. GIR 3(a), the most specific description

GIR 3(a) prefers the heading providing the most specific description over headings with a more general description.

25. C. GIR 3(b), by the component giving essential character

Sets put up for retail sale are classified under GIR 3(b) by the component that gives the set its essential character, here the clipper.

26. C. The heading that occurs last in numerical order

GIR 3(c) directs classification under the heading occurring last in numerical order among those equally meriting consideration.

27. D. Classify it under the heading for goods to which it is most akin

GIR 4 states that goods that cannot be classified under the preceding rules go to the heading for the goods to which they are most akin.

28. B. With the camera, under GIR 5(a)

GIR 5(a) classifies specially shaped cases suitable for long-term use, presented with the articles they hold, together with those articles.

29. D. Steel cylinders for compressed gas, clearly suitable for repeated use

GIR 5(b) classifies ordinary packing with the goods, but not packing clearly suitable for repetitive use, such as reusable gas cylinders.

30. B. Subheadings at the same level

GIR 6 provides that only subheadings at the same level are comparable, applying the earlier rules mutatis mutandis.

31. B. Six digits for the HS; eight digits for the AHTN

The HS is harmonized to six digits internationally, and the ASEAN Harmonized Tariff Nomenclature extends it to eight digits.

32. B. The World Customs Organization

The HS is developed and maintained by the World Customs Organization in Brussels.

33. D. Chapter 77

Chapter 77 of the HS is reserved for possible future use; the other numbers listed are active chapters.

34. D. The GIRs apply in sequence, and GIR 1 already settles the classification

The GIRs are applied in order; later rules are used only when the earlier rules, starting with GIR 1, do not determine classification.

35. D. They are the official interpretation of the HS, though not part of its legal text

The Explanatory Notes are the WCO's official interpretation of the HS and are highly persuasive, but they are not part of the legal nomenclature.

36. B. GIR 2(b)

GIR 2(b) extends references to a material or substance to mixtures or combinations with other materials, with GIR 3 applied if more than one heading results.

37. C. Section I

Section I covers live animals and animal products, Chapters 1 to 5, including fish and dairy produce.

38. A. Chapter 85

Electric motors and generators fall under Chapter 85 (electrical machinery and equipment), heading 8501.

39. D. Chapter 87

Chapter 87 covers vehicles other than railway or tramway rolling stock; 86 is railway, 88 aircraft and 89 ships.

40. B. Chapter 62

Chapter 62 covers apparel not knitted or crocheted; Chapter 61 covers knitted or crocheted apparel and Chapter 52 covers cotton fabrics.

41. D. The transaction value of the imported goods

The first and primary method is the transaction value, the price actually paid or payable for the goods when sold for export, plus the required adjustments.

42. D. Applying the computed value method before the deductive value method

The methods apply sequentially, but at the importer's request the order of the deductive and computed value methods may be reversed.

43. C. US$11,320.00

Selling commissions are added but buying commissions are not: 10,000 + 400 + 800 + 120 = 11,320.

44. C. US$33,800.00

Assist share = 9,000 x 1,500/4,500 = 3,000; dutiable value = 30,000 + 3,000 + 700 + 100 = 33,800.

45. A. It is added to the price because it relates to the goods and is a condition of sale

Royalties and license fees related to the goods that the buyer must pay, directly or indirectly, as a condition of sale are added to the price actually paid or payable.

46. A. US$44,500.00

Charges for construction, assembly or installation after importation are excluded if distinguished: 48,000 - 3,500 = 44,500.

47. D. It is excluded because it is incurred after importation

Dutiable value covers transport costs up to the port of importation; transport within the Philippines after importation is excluded if distinguished.

48. D. It is excluded from the customs value if shown separately

Interest charges under a financing arrangement for the purchase of imported goods are not part of customs value when distinguished from the price.

49. C. It is not a ground to reject transaction value by itself; the circumstances of sale are examined

The fact that buyer and seller are related does not by itself make transaction value unacceptable; customs looks at whether the relationship influenced the price.

50. A. Goods produced in the same country that are the same in all respects, allowing minor differences in appearance

Identical goods are the same in all respects, including physical characteristics, quality and reputation, and are produced in the same country; minor differences in appearance do not prevent this.

51. C. At or about the same time

The identical and similar goods methods use goods sold for export to the importing country and exported at or about the same time as the goods being valued.

52. A. PHP 1,550.00

Deductive value = 2,400 - 480 - 60 - 310 = 1,550.

53. A. US$50,400.00

Per unit = 14 + 6 + 3.50 + 0.50 + 1.20 = 25.20; x 2,000 = 50,400.

54. D. Minimum customs values

The fallback method allows flexible use of the earlier methods but prohibits minimum, arbitrary or fictitious values.

55. A. US$23,400.00

Resale proceeds accruing to the seller are added: 5% x 36,000 = 1,800; 20,000 + 1,400 + 200 + 1,800 = 23,400.

56. B. They are added to the price actually paid or payable

The cost of containers treated as one with the goods and the cost of packing, both labor and materials, are added when borne by the buyer and not included in the price.

57. D. PHP 906,882.00

Dutiable value is CIF: (15,600 + 90) x 57.80 = 906,882.00.

58. D. A restriction limiting resale of the goods to the Philippines

Restrictions that limit the geographical area where goods may be resold do not disqualify transaction value; conditions whose value cannot be determined do.

59. B. US$9,360.00

All costs up to the Philippine port are included: 8,000 + 300 + 100 + 900 + 60 = 9,360.

60. A. Philippine customs duties and taxes on the goods

Duties and taxes of the importing country are excluded from customs value; freight to the port, selling commissions and assists are added.

61. B. PHP 28,000.00

Dutiable value = 5,000 x 56 = 280,000; duty = 10% = 28,000.00.

62. A. PHP 114,281.25

Dutiable value = 13,250 x 57.50 = 761,875; duty = 15% = 114,281.25.

63. B. PHP 65,712.00

Landed cost = 500,000 + 35,000 + 12,600 = 547,600; VAT = 12% = 65,712.00.

64. C. PHP 146,240.00

Duty = 41,000; VAT = 12% x (820,000 + 41,000 + 16,000) = 105,240.00; total = 146,240.00.

65. C. PHP 56,880.00

Excise = 1,200 x 60 = 72,000; VAT base = 360,000 + 36,000 + 72,000 + 6,000 = 474,000; VAT = 56,880.00.

66. C. PHP 210,000.00

Duty saved = 187,500; VAT saved = 12% x 187,500 = 22,500; total = 210,000.00.

67. B. PHP 12,324.00

Dutiable value = 6,500 x 63.20 = 410,800; duty = 3% = 12,324.00.

68. A. PHP 1,287,600.00

Insurance = 2% x 20,000 = 400; CIF = 22,200 x 58 = 1,287,600.00.

69. A. PHP 30,000.00

Duty discrepancy = 10% x 120,000 = 12,000; surcharge = 250% x 12,000 = 30,000.00.

70. B. PHP 107,520.00

Deficiency duty = 15% x 640,000 = 96,000; deficiency VAT = 12% x 96,000 = 11,520; total = 107,520.00.

71. D. PHP 25,600.00

Specific duty = 3,200 kg x 8.00 = 25,600.00; gross weight is not the stated basis.

72. B. PHP 6,900.00

Excess = 1,280,000; 0.125% x 1,280,000 = 1,600; fee = 5,300 + 1,600 = 6,900.00.

73. A. PHP 3,955,000.00

Margin = 42 - 35 = 7 per unit; 7 x 10,000 x 56.50 = 3,955,000.00.

74. D. PHP 126,000.00

Regular duty = 45,000; safeguard = 18,000 x 4.50 = 81,000; total = 126,000.00.

75. A. PHP 178,200.00

Drawback = 240,000 x 75% x 99% = 178,200.00.

76. B. PHP 12,000.00

Duty falls by 5% x 2,000,000 = 100,000, so the VAT base falls by 100,000 and VAT by 12% = 12,000.00.

77. C. 7.5%

Rate = 55,500 / 740,000 = 0.075, or 7.5%.

78. B. PHP 1,021,440.00

Duty 450,000; excise 300,000; VAT = 12% x 2,262,000 = 271,440; total = 1,021,440.00.

79. A. PHP 481,023.00

FOB = 7,800; insurance = 39; CIF = 8,439 x 57 = 481,023.00.

80. C. PHP 609,523.81

Landed cost = 78,000 / 0.12 = 650,000; DV = (650,000 - 10,000) / 1.05 = 609,523.81.

81. C. RA 9853

RA 9853 amended certain provisions of RA 9280; RA 10863 is the CMTA, RA 8293 the IP Code and RA 10912 the CPD Act.

82. C. A chairperson and two members

The Board for Customs Brokers is composed of a chairperson and two members.

83. A. A general average of at least 75% with no rating below 50% in any subject

RA 9280 requires a general weighted average of at least 75% with no grade lower than 50% in any subject.

84. C. The Professional Regulation Commission through the Board

The PRC, through the Professional Regulatory Board for Customs Brokers, conducts the exam and issues certificates of registration.

85. B. Accreditation with the Bureau of Customs

The CMTA requires that persons transacting with the Bureau, including customs brokers, be accredited by the Bureau in addition to holding a valid professional license.

86. B. Refuse and declare the correct value based on the true transaction

A broker must not take part in undervaluation or misdeclaration; doing so exposes the broker to administrative, civil and criminal liability.

87. A. Aiding the unauthorized practice of the profession

Allowing an unlicensed person to use one's license or name in practice amounts to aiding illegal practice and is a ground for disciplinary action.

88. A. Decline, because client information must be kept confidential

Customs brokers owe clients confidentiality over business information obtained in the course of professional engagement.

89. C. Use them only for the stated purpose and account for them to the client

Client funds entrusted for duties and taxes must be applied only to that purpose and properly accounted for.

90. D. Refuse the request and use proper channels to report it

Giving gifts or money to public officers to influence official acts is prohibited and unethical; the broker should refuse and report it through proper channels.

91. A. The signing customs broker

By signing, the broker assumes professional responsibility for the declaration and must supervise and review staff work.

92. B. Accept only with adequate study or qualified help, or decline it

A professional should accept only engagements that can be handled competently, getting the needed knowledge or assistance or declining the work.

93. D. Inform the client and help correct and settle the deficiency

Honesty and good faith require disclosing the error and cooperating to rectify it; voluntary correction is generally treated more favorably than discovery in audit.

94. D. Avoid representing both without full disclosure and the consent of each

Representing conflicting interests is improper unless all concerned give informed consent after full disclosure, and in many cases it should be avoided entirely.

95. C. It is a misleading claim, since lane assignment is decided by customs

Selectivity lanes are assigned by the Bureau's risk management system, so promising a lane is a false or misleading representation.

96. A. Preparing and lodging goods declarations and computing duties and taxes for clients

Customs brokerage covers preparing and filing declarations, computing duties and taxes, and representing clients before the Bureau; release, rates and seizure are government functions.

97. D. The broker may no longer lawfully practice as a customs broker

Revocation of the certificate of registration removes the legal authority to practice the profession.

98. A. Declare the goods accurately based on their true condition and nature

Declarations must truthfully describe the goods; knowingly misdescribing them can constitute misdeclaration or smuggling for which the broker can also be liable.

99. A. They may be required in a post clearance audit or other verification

Records may be examined in post clearance audit; brokers and importers are among those required to keep and produce import records.

100. A. It is fee-splitting with an unlicensed person to obtain clients

Sharing professional fees with unlicensed persons as a reward for referring clients is an unethical solicitation practice.

101. A. Eleven

Incoterms 2020 contains 11 rules: seven for any mode of transport and four for sea and inland waterway.

102. B. DPU

DPU (Delivered at Place Unloaded) replaced DAT and requires the seller to unload the goods at the named place of destination.

103. A. Institute Cargo Clauses (A) for CIP, and Clauses (C) for CIF

Incoterms 2020 raised the default cover under CIP to Institute Cargo Clauses (A), while CIF keeps minimum cover under Clauses (C).

104. D. The parties may agree that the buyer instructs its carrier to issue one to the seller

Incoterms 2020 added an FCA option where the buyer instructs its carrier to issue an on-board bill of lading to the seller.

105. B. EXW

Under EXW the seller only makes the goods available at its premises; the buyer handles loading and export clearance.

106. A. The seller

Under DDP the seller bears all costs and risks to the named place, including import clearance, duties and taxes.

107. B. When the goods are placed on board the vessel at Shanghai

Under FOB, the seller delivers and risk passes when the goods are on board the vessel nominated by the buyer at the named port of shipment.

108. C. The buyer, because risk passed when goods were loaded on board

Under CFR the seller pays freight to the destination port, but risk passes to the buyer once the goods are on board at the port of shipment.

109. B. When the goods are placed alongside the vessel at the named port of shipment

FAS (Free Alongside Ship) delivery occurs when goods are placed alongside the buyer's vessel at the named port of shipment.

110. B. FCA

For containerized goods handed over before loading on the ship, FCA is generally recommended instead of FOB, since the seller loses control before goods go on board.

111. D. It acts as a document of title to the goods

Both documents act as receipt and evidence of carriage, but only a negotiable bill of lading is a document of title; an air waybill is non-negotiable.

112. B. Form D

ATIGA uses Form D; Form E is for ASEAN-China, Form AK for ASEAN-Korea, and Form A for GSP.

113. B. 36%; it does not meet the 40% threshold

RVC = (50 - 32) / 50 x 100 = 36%, below the 40% general ATIGA threshold.

114. D. The documents presented, not the goods themselves

Under UCP 600, banks deal with documents and not with goods, services or performance to which the documents may relate.

115. C. To detail the contents, quantities and weights of each package

The packing list itemizes packages, contents, quantities and weights, helping customs examination and cargo handling.

116. B. Copper ore mined from the soil of that country

Minerals extracted from a country's soil are wholly obtained there; the other products use non-originating inputs and must meet product-specific or value-content rules.

117. D. Staying under customs control there with no processing beyond unloading and reloading

Direct consignment rules allow transit through non-parties if goods remain under customs control and undergo no operation other than unloading, reloading or preserving them.

118. C. A house bill of lading

A consolidator or forwarder issues house bills of lading to individual shippers, while the carrier issues a master bill of lading to the consolidator.

119. A. Demurrage

Demurrage is charged for containers left in the terminal beyond free time; detention applies when the container is kept outside the terminal too long.

120. D. FAS, FOB, CFR and CIF

The four sea and inland waterway rules are FAS, FOB, CFR and CIF; the other seven apply to any mode of transport.

Topics to review

• Tariff classification and rules of origin

• Customs valuation and duty calculations

• Import, export and clearance procedures

• Trade compliance, documentation and remedies

Online question banks and study resources

Customs Brokers - Pass Harbor (Question bank)

Official PRC board information

Current PRC exam programs

Independent study material prepared by Board Exam Desk.