

REVIEW QUESTIONS - CUSTOMS

QUESTION 1.

Legal framework for taxation requires that taxation must be according to the rule of law. A number of fundamentals guide compliance to the rule of law. One of them states that a tax be levied only if a statute lawfully enacted so provides.

Required:

Describe source of customs laws.

QUESTION 2.

Briefly describe the role of the customs and excise department of the Tanzania Revenue Authority (TRA).

QUESTION 3.

Mention four (4) taxes on international trade that are administered by the customs and excise department

QUESTION 4.

- (a) Giving at least one example, briefly explain the term “economic integration”
- (b) Explain the stages of economic integration
- (c) Explain the main features of a customs Union
- (d) Discuss the origin criteria which determine where the goods originate within East African community member states.

QUESTION 5.

What are prohibited goods and restricted goods? Give examples. Explain the reasons behind prohibitions and restrictions.

QUESTION 6.

There are various customs formalities to be accomplished when goods are brought into a customs territory in order to ensure compliance with customs law. These are the operations that must be carried out by both the persons concerned with the goods and by customs in order to comply with the statutory or regulatory provisions which customs has responsibility to enforce.

Required: Explain the procedures which a person is required to go through when goods are imported in Tanzania.

QUESTION 7.

Exportation means the movement of goods from one country to another. In accordance with the EACCMA, 2004 S.2 (1), the term export means to take or cause to be taken out of a partner state.

Required: Mention the procedures which a person is required to go through when goods are exported from Tanzania.

QUESTION 8.

Mention any four types of entries for imported goods as stipulated under section 34 of the East African Community Customs Management Act 2004.

QUESTION 9.

- a) Mention necessary documents required when making custom entry. Why do customs examine documents during importation?
- b) Name three goods that may be exported without entry.
- c) Name three goods that may be imported without entry.
- d) Name four goods that are exempted from import duty.

QUESTION 10.

Briefly explain how the value of goods for export is determined as per the East Africa Community customs Management (EACCM) Act 2004.

QUESTION 11.

- a) Transit and transshipment facilities are for trade facilitation and not for revenue earning. Why customs and Excise Department spend a lot of effort to control goods in transit or in transshipment?
- b) Briefly explain control of goods in transit along the approved routes in Tanzania?
- c) Explain at least four benefits and six challenges of transit operation in Tanzania?

QUESTION 12.

- (a) Define warehouse
- (b) Explain 3 types of warehouses
- (c) What documents should accompany goods for bonded warehousing?

QUESTION 13.

- a) What are the procedures in licensing of a bonded warehouse?
- b) How can goods in warehouse be removed?
- c) What are the conditions to be fulfilled during the sale of goods in the public auction?

QUESTION 14.

Where any goods which have been deposited in a customs warehouse are abandoned, the commissioner may sell the goods in a public auction and apply the proceeds as per provisions of the East Africa Community Customs Management Act.

Required: With reference to the Act, describe the application of proceeds received from sale of such goods.

QUESTION 15.

What are the FIVE main requirements of the owner of an internal container depot as regards to the licensing of internal container depots as stipulated in the East African Community Customs Management Act, 2004?

QUESTION 16.

Distinguish between “refund” and “rebate” in relation to East African Custom Management Act, 2004

QUESTION 17.

Differentiate between “green channel” and “red channel” as used in the East African Community Customs Management Act, 2004.

QUESTION 18.

Under the customs law, explain goods which shall be liable for forfeiture under section. 210 of EACCMA 2004.

QUESTION 19.

Differentiate the following terms used in the East Africa Community Customs Management Act, 2004.

- (i) Export processing zone and free ports
- (ii) Transit shed and sufferance wharf
- (iii) Transshipment and transit goods
- (iv) Duty draw back and duty remission
- (v) Green channel and red channel
- (vi) Re- Exportation and outright exportation

QUESTION 20.

Mr. A was a retuning resident from UK where he stayed for 3 yrs. He is married with two children. On arrival in the country he was accompanied with the

following goods for which some of them were for personal use whilst others were for business purposes:

- 1 Saloon car purchased 2 years back in the UK for £2,000
- wearing apparel worth £3,000
- 3 cameras of various descriptions worth £100 each
- 2 Refrigeration worth £500 each one was used and the other was new.
- 2 Bicycles for each of his two kids which were used in UK worth £400 in total
- one used desk top computer worth £1,500

He paid all the duties pertaining the importation before the goods were cleared from the customs.

Assume the following

- (i) Exchange rates £1= 2,000 Tshs
- (ii) Import duty rate = 20%
- (iii) Excise duty rate = 15%
- (iv) All values are CIF inclusive to the port of importation

Required: Compute the total taxes paid by Mr. A before the goods were cleared, from the customs.

QUESTION 21.

The East African community customs management Act, 2004 is resourceful on the procedures to be followed for movement of goods, persons and means of transport directly incoming or outgoing from a partner state passing from one partner state to another from foreign and between members of the partner states.

REQUIRED: What do you understand by Carriage coastwise and transfer of goods?

QUESTION 22.

Where any goods which have been deposited in a customs warehouse are abandoned, the commissioner may sell the goods in a public auction and apply the proceeds as per provisions of the East African Community Customs Management Act.

Required: With reference to the Act, Describe the application of proceeds received from sale of such goods

QUESTION 23.

Write short notes on the following terms as used in EACCMA, 2004

- (i) Export processing zones
- (ii) Free ports
- (iii) Manufacturing under bond

QUESTION 24.

For the purpose of determining the value for duty purposes for customs duty on imported goods, there are six methods that are used. The basic method used is known as the transaction value method.

REQUIRED:

- (i) Explain what is mean by transaction value for customs duty purpose
- (ii) State four (4) conditions that should be met in order for the transaction value method to be used.
- (iii) Describe five (5) other methods that may be used to value imported goods

QUESTION 25.

With reference to the relevant laws, clearly outline the basis of determining the customs value of goods imported to Tanzania.

Explain the following tax regime as used in customs administration and procedures.

- a. Specific duty
- b. Ad valorem rate

QUESTION 26.

- a) Explain in brief six acceptable methods of custom valuation in their order of sequences of application.

- b) Explain the restrictions for the use of Transaction value method and fall back method for valuation of imported goods for import duty purposes as provided under the fourth schedule of the EACCMA, 2004.

QUESTION 26.

The following information concerning the consignment of Indian Khanga imported by Dar es Slaam based Tanzanian importer and dealer of Indian Khanga. He submits the detailed invoice to Dar es salaam customs center for the purpose of computation of customs duties and taxes. The direct payment made by importer to the Indian supplier was USD 10,000. He also paid USD 5,000 to the third party to fulfill the instruction of the supplier. The following costs were not included in the price Actually Paid or payable.

Selling commission	USD 200
Buying commission	USD 100
costs of containers/packing	USD 200
Assists in form of yarn	USD 200
Costs of Transport to Dar	USD 1,200
Costs associated with Transport to Dar	USD 200
Cost of insurance to Dar	USD 500
Post importation cost	USD 1,000

- Buying Rate 2,100 Tshs per USD
- Selling Rate 2,200 Tshs per USD

The cargo is subject to 25% import duty, 18% VAT, 15% Excise duty and 1.5% Railway and development levy

Required:

- a.) Determine the Price Actually paid or payable
- b.) Determine the customs value according to Transaction value method
- c.) Compute the total taxes/ duties paid on importation

QUESTION 27.

Dumba imported a VAT taxable item from Japan. On the arrival of the Cargo, Ndumba could not produce valid documents acceptable by the customs department. For that case, customs officers came out with the following values for such imported item:

Values for identical items

- A- Tsh 400 million
- B- Tshs 500 million
- C- Tshs 450 million

Values for similar items

- D- Tshs 300million
- E- Tshs 350 million
- F- Tshs 600 million

The cargoes subject to 25% import duty, 10% excise duty 18% VAT, and 1.5% Railway and development levy

Required: Compute the amount of import duty, excise duty and VAT on importation of this item.

QUESTION 28.

XYZ Ltd imported used items from America which do not qualify for Transaction value or Transaction value of identic or similar goods. The importer provides you with the following information:

- The importer paid Tshs 100,000 per item for transportation from Dar es Salaam port to Mwanza
- Under agreement, the importer pays commission to retailers of Tshs 50,000 per item sold
- The general expenses and profit of the importer averaged to Tshs 500,000 per item sold
- The importer paid Tshs 100,000 per item to label it in Tanzania

- The total duties and taxes on items from America is 25%
- They are sold to retailers as follows

Items sold	Price per item
20	Tshs 10,000,000
30	Tshs 8,000,000
60	Tshs 7,000,000
100	Tshs 5,000,000

REQUIRED

Calculate the customs value using deductive method per piece

QUESTION 29.

A local importer of furniture presents a declaration of 1,000 wooden chairs from a related seller. No other valuation method is acceptable. The importer provides the following data directly from the manufacturer for computed value:

Wood, Brackets, and Screws	\$ 300.00
Cushioning	\$ 100.00
Assembly cost	\$ 100.00
Designs provided by the Tanzania importer	\$ 100.00
Manufacturer production Expenses and profit	\$ 100.00
Packing and shipping	\$ 100.00
Costs associated with Transport to Dar	\$ 100.00
Cost of insurance to Dar	\$ 300.00

REQUIRED: Calculate the customs value using computed value method

QUESTION 30.

Mr. Kwanza imported used Toyota Prado from Japan. The necessary details of the transaction for customs and taxation purposes were as follows:

FOB value US \$20,000

Freight Charges US \$ 1,500

Insurance US \$ 100

Import duty 25%

Excise duty on age 25%

Excise duty engine capacity 10%

Value added tax 18%

Railway and development levy 1.5%

Applicable Exchange rate: Tshs. Buying 2,000/US \$ 1 – Selling 2,200/US \$ 1

REQUIRED:

- (a) Compute the total import taxes payable by Mr. Kwanza
- (b) Compute the total taxes payable by Mr. Kwanza

QUESTION 31.

Tabora Gold Traders of Tabora Tanzania imported used Toyota Prado from Japan. The cost of the car includes: Cost (FOB) USD 18,400, Sea Freight USD 1,500 and Insurance USD 100. Upon arrival of the car at Dar es Salaam, Harbour on March 29, 2017, the customs offices issued assessment that in fact was based on the customs value that is higher than the actual CIF value by 10%. The following rates were applicable at the data of assessing the car for duty and taxes purposes:-

Import duty 25%

Excise Duty on age 5%

Excise Duty engine capacity 10%

Value Added Tax 18%

Railway and development levy 1.5%

REQUIRED:

- (i) Compute the custom value (in United states Dollar) had the customs office not uplifted the value of the car
- (ii) Compute total duties and taxes payable based on the uplifted value in Tanzania shilling exchange rate: TZS/US\$ 2,200

QUESTION 32.

Taxman Ltd recently has imported goods from China. The costs related to the goods are the following

Direct material (per unit)	Tshs 60
Direct labour (per unit)	Tshs 40
Variable overheads (per unit)	Tshs 20
Number of units imported	100,000 units
Selling price to Taxman ltd	Tshs 150
Freight to expenses in China	Tshs 5,000,000
Freight to Dar es Salaam	Tshs 10,000,000
Insurance to Dar es Salaam	Tshs 6,000,000
Clearance agency fees- Dar es Salaam port	Tshs 1,000,000

Import duty 20%

Excise duty 5%

Value Added Tax 18%

Railway and development levy 1.5%

REQUIRED:

- Compute the customs value of imported goods using transaction value method
- Compute the customs value of imported goods using computed value method
- Calculate duties and taxes payable to tax Authority

QUESTION 33.

A Ltd in Tabora pays USD 2,500 to B's Toy factory in Paris, France for a shipment of toys. The USD 2500 consists of USD 2000 as a price paid for the toys and

USD 500 for ocean freight and insurance. B's toy factory would have charged A Ltd USD 2,350 for the toys however, since B's Toy Factory owed A Ltd USD 350, B's Toy Factory only charged USD 2,000 for this particular shipment of toys. A ltd supplied some materials purchased for a cost of USD 300 to B's Toy factory at zero price. Packing cost incurred in Paris France USD 150. Selling commission and buying commission USD 200 and TZS 80,000/= respectively. After 2 months from the date of exportation customs officers discovered that A ltd paid USD 300 to B's Toy factory being the difference between invoice value and the price of goods.

Import duty rate 10%, Excise duty 5% VAT rate 18%, Railway and development levy 1.5%, Exchange rate on the date of valuation: TZS/US \$ 2,200

REQUIRED:

- (a) Determine the price Actually paid or payable
- (b) Determine the customs value according to Transaction value method
- (c) Compute the total taxes/ duties paid on importation

QUESTION 34.

Mr. Makuu imported a used motor vehicle from Japan on 01st January 2017. The import details were as follows:-

Chassis No:	GXJ- 23W - 77289
Engine No:	TIR - 239888
Year of manufacture	1990
C.C	1400
Cost of purchase	US \$ 20,000
Freight	US \$ 1,000

Transport and other charges were as follows:

S/N	ITEM	AMOUNT (US \$)
1	Transport from Yard to Port (in Japan)	100

2	Clearing and forwarding	600
3	Port charges at port of destination	400
4	Freight charges from Dar es Salaam port to business premises	700
5	Inspection cost at the port of shipment	100
6	Insurance cover	600

Other information and assumptions relevant to the above data

- i. Import duty rate: 25%
- ii. Excise duty 5%
- iii. Extra duty for aged motor vehicle imports (manufactured more than 10 years) 20%
- iv. Relevant exchange rate Tshs 2,200 per US \$
- v. VAT on imports 18%
- vi. Railway and development levy 1.5%

REQUIRED:

- a) Determine the customs value in Tanzania shillings
- b) Determine total tax payable

QUESTION 35.

A large local producer of wine from Dodoma purchases 50 Dell laptop computers, Model XYZ, from China for \$ 750 a – piece. As a part of the agreement, the Chinese seller agrees to buy 1,000 bottles of the importer's wine. Customs questions the value and the importer is able to present information that they recently purchased 10 Hewlett Packard computers from China with nearly identical features at \$ 800 a piece. They also show that in the initial offer, a 10% discount would have been offered if they purchased more than 25 laptops.

REQUIRED:

Determine the customs value according to Transaction value of identical method

QUESTION 36.

Company A established in a foreign country, supplies its subsidiaries in your country with various audiovisual products and accessories (microphones, headphone, cables, loudspeakers, etc). These goods are made up of 800 different product lines, that is to say, different types of articles which are divided among 20 families/groups of products. The parent and its subsidiaries are organized so that when goods are imported into your country they remain the property of the exporter A.

REQUIRED:

Discuss the methods available for customs valuation of the goods in your country.

QUESTION 37.

XYZ Ltd imported 20,000 pairs of shoes from Hong Kong in April 12, 2017 and incurred the following expenses

Cost of shoes	\$ 23,400.00
Airfreight	\$ 1,200.00
Insurance	\$ 1,200.00
Supplied moulds for making 50,000 pairs of shoes	\$ 1,500.00
Paid royalties to manufacture 50,000pairs of shoes	\$ 1,000.00
Buying commission	\$ 35.00
Selling commissions	\$ 45.00
Wooden and plastic packaging materials	\$ 100.00
Loading and unloading in Honk Kong	\$ 200.00

The exchange rates as at the date of arrival of goods was shillings 2,200.000 per USD while tax rates were as follow: import duty 10%, VAT 18% AND Railway and development levy 1.5%

REQUIRED:

- (a) Determine the customs value according to Transaction value method

(b) Compute the total taxes/ duties paid on importation

QUESTION 38.

Sumbawanga Ltd has imported a specialized high- speed nigh travel vessel from the Tuwindane Republic. The information available for the import suggests that only the computed value method can be used.

To compete the valuation process, the following information is available:

- Production cost

Direct labour:	US \$ 400
Direct Materials	US \$ 600
Overheads and profit	US \$ 320
Freight:	US \$ 600
Insurance	US \$ 200

REQUIRED:

- Calculate customs value in USD
- Explain the circumstances under which the computed value method should be used

QUESTION 39.

Mr. Ndikumana imported electrical appliances from England for STG 340,000 and paid for insurance and freight of STG 17,000 and STG 45,000 respectively. Mr. Ndikumana also incurred the following expenses in respect of the electrical appliance:

	STG
Brokerage charges	1,200
Selling commission	300
Buying commission	400
Wooden containers used for packing in England	500
Packing expenses in England	120

Tools and moulds	2,000
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Mr. Nikumana shall, after one month from the date of exportation, pay to the exporter STG 120,000 being the difference between the invoice value and the price of goods, fact revealed to customs officers by Nkikumana. At the time of assessment the prevailing exchange rate was Tanzania shillings 2,200.00 to sterling pound. The officer further informed the importer that the applicable tax rates are import Duty 10% Excise Duty 7% VAT 18% and Railway and development levy 1.5%.

REQUIRED:

Compute the taxes and duties payable by Ndikumana and advise your client on any possible variation.

QUESTION 40.

You have a shipment before you from F shung of China, of 2,000 pieces of radio cassette, priced at US \$ 5/pc and imported by a wholesaler. It it not possible to establish a transaction value under Article 1 and Article 2. You have a similar product from Shangai Co. also of China, shipped in a quantity of 1,700 pieces at a unit price of UD\$ 6 and imported by a wholesaler. Shanghai Co. sells his product to all who buy at least, 1,000pieces at US \$ 6/pc and does not otherwise vary his price. What is the appraised value for the imported goods assuming that Article 1 and Article 2 cannot be used?

QUESTION 41.

Mwananchi and company imported one motor Vehicle on June 12, 2017 together with Gasoil

The detail of motor vehicle is as depicted below		
Purchasing price at the yard in Japan		\$ 18,000
Year of manufacture		2005

Engine capacity C.C		1950
Transmission		Auto
Details for Gasoline is as follows		
Purchasing price		\$ 1.00
Total litre's purchased		10,000

Further details

Motor vehicle

Gasoil

Freight from Car Yard/Gasoline tanks to the port (Japan)	\$ 200	\$ 0.2 per litre
Freight from Japan port to Dar es Salaam	\$ 2,000	\$ 0.10 per litre
Freight from Dar es Salaam port to Tabata	\$1,000	\$ 0.10per litre
Insurance cover	\$ 300	\$ 0.05 per litre
Port charges at Dar es Salaam port	\$ 200	\$ 300
Storage charges at Dar es Salaam port	\$ 500	\$ 600

Other information and assumption

- i) Import duty for motor vehicle is 25%
- ii) Duty on age is charged for motor vehicle manufactured over more than 10 years is 20%
- iii) Excise duty charged for motor vehicle of more than 1500 engine capacity (C.C) is 5%.
- iv) VAT rate is 18%
- v) Railway and Development levy at 1.5%
- vi) Assume Gas Oil attracts fuel levy at \$0.12 per litre, excise duty of \$0.3 per litre.
- vii) The exchange rate is TZS 2,000/USD

REQUIRED

- a) Determine the customs value in local currency (Tshss).
- b) Calculate total Tax Payable by Mwnanchi Company in Tshs.

QUESTION 42.

Mr. simple imported goods from Japan on 20th June, 2016. The invoice to that effect had the following value sin US Dollars

One unit saloon car 3,500 cc	7,000
One unit Toyota Hiace4,000 cc	12,500
Two boxes of spare parts	18,000

All these values are FOB hence the importer paid a total of 4,000 USD as freight charges for all items. After the arrival of the goods, it was discovered that all these values were affected by the credit note 500 USD for each item and hence the values were revisited to conform to ACV valuation principles. Mr. simple made all necessary arrangements for clearance of the goods from the port including lodgment of important documents and evidence as they were required by the customs. He paid all the taxes and duties within the time and additional transport cost of Tshs 3,000,000/= was also paid in order to transport the items to Morogoro where he resides.

Assume the following:

- a) Exchange rate 1 USD= 2200/
- b) For saloon car import duty rate 25% Excise duty rate 15%
- c) For Toyota Hiace Import duty rate 20% Excise duty rate 15%
- d) Spare parts Import duty rate 30% Excise duty rate 10%
- e) VAT rate is 18% and railway and development levy is 1.5%

REQUIRED:

By applying the provisions of relevant customs laws, compute the total taxes/duties paid by Mr. simple on importation

QUESTION 43.

Mr. Abdul of Mwanza imported two refrigerators, one special agricultural tractor and one motorcycle from the United Kingdom(UK). An invoice for the goods had the following details.

Two refrigerators	(FOB) £20,000
One special agricultural tractor	(FOB) £12,000
One motorcycle	(FOB) £5,000
Freight UK- Dar es Salaam	£1,500
Freight Dar es Salaam- Mwanza	£1,200
	£ 39,700

Determine the import duty, excise duty and VAT payable assuming that

- Import duty rate for the refrigerator and for the motorcycles is 20%, for the tractor is 10%, excise duty for the refrigerator, motorcycle and tractor is 20%
- Railway and development levy is 1.5%
- Exchange rate is 2,800/= Tshs per £

QUESTION 44.

The managers of Wakaguzi Ltd, an Import and Export company in Dar es Salaam trading under the name Wakaimpex, are holding a meeting to deliberate on the budget for importation costs it becomes clear in this meeting that the managers do not have a faint idea regarding the applicable customs valuation method. They have requested your expert opinion

REQUIRED:

Briefly describe the ACV valuation methods- observing the required hierarchy.

QUESTION 45.

NAO Ltd an East Africa Company pays USD \$ 2,000 to Toy Factory in Paris, France for a shipment of Toys. However, since Toy Factory owed NAO Ltd US \$ 400, the company only charged NAO US \$ 2000 for the toys.

REQUIRED:

Determine the price actually paid

QUESTION 46.

Mr. Lewis entered into a contract to import 20 pieces of item A on May 2015 and agreed to pay 2,000 USD. Due to some problems on the side of the exporter, these goods were delivered at the port of importation (DSM) on April, 2016 and at that time the market price for the 20 pieces was no longer 2,000 USD but 2,200 USD, Assume the following rates.

a) At the time of contract

Import Duty- 20% Excise Duty = 10% VAT = 20%

b) At the time of importation

Import Duty 25% Excise Duty = 15% VAT = 18%

c) Exchange rate Tshs 1,200/-per USD

REQUIRED

Determine the taxes paid by Mr. Lewis on importation

QUESTION 47.

Tusaidiane & Co. a partnership firm imports motor vehicles which are then sold in the local market.

During the month of July 2013 Tusaidiane imported 10 Toyota Carinas and 12 Toyota Coronas. This was the first time Carinas were imported into Tanzania. As such the carinas were imported under conditions such that title remained with the exporter until the cars are sold by Tusaidine.

Required:

State with reasons the method that should be used for customs valuation of the carinas. What are the conditions for this method to be used?

QUESTION 48.

Mr Gwambu has imported a brand new saloon car on 1st March 2016 for business use. During the VAT control verification exercise, the commissioner had found that taxes were not paid in full as they had been affected by the importation of saloon. This has been found via ERV which reflected the following; Import Duty- Tshs 2,000,000, Excise Duty- 3,000,000 and VAT – Tshs 4,000,000. The motor car was acquired for Tshs 12,500,000 at a retail selling

price which is 120% of the aggregate sum of CIF, taxes payable to customs department and 1% of CIF as wharfage charges. The tax rates at the time of importation were 20% Import Duty, 5% Excise Duty and 10% VAT.

Required:

Determine the CIF value and taxes to be paid to the Tanzania Revenue Authority.

QUESTION 49.

Customs officers have been uplifting the value customs purpose for number of reasons. The importers are very much concerned the exercise as it results into higher tax payable

- a) What do you understand by adjustment to the value as provided in EACCMA, 2004? List the items or amounts by which the price paid or payable may be adjusted by
- b) Define the terms identical goods and similar goods as been defined under agreement on customs valuation.
- c) What is the importance of having common customs valuation methods determined on world trade organization agreement on implementation of Article 7 of General Agreement on Trade and Tariffs.

QUESTION 50.

Smuggling of goods to and from neighboring countries is a problem to the Tanzania economy”

REQUIRED

- a) Explain with reasons why illegal cross border trade or business has thrived despite government measures and efforts to prevent it.
- b) Suggest ways and means which may help to prevent the problem of smuggling accross Tanzania national borders.
- c) Describe briefly the powers of customs officers and their agents to prevent smuggling.

QUESTION 51.

In order to make sure there is smooth tax administration, tax law often imposes a number of offences against which taxpayers could be charged

REQUIRED: Assess any 10 offences prescribed by the East African Community Customs Management Act 2004.

QUESTION 52.

Taxpayers may financially be unable to pay their tax liabilities but more often times they simply refuse to pay their taxes. It may be necessary to compel payment. In order to reduce tax arrears regular collection measures are desirable.

REQUIRED

Explain any four recovery measures of tax under the East African Community Customs Management Act 2004

QUESTION 53.

Mizengwe importers Ltd (MIL) of Tanga Tanzania, imported goods that are as per East African community customs management Act (EACCMA) 2004, Restricted goods. MIL did observe all requirements regarding importation of restricted goods. Such goods arrived at Tanga Port on January 3, 2018. The Commissioner of Customs gave several notices and decided to sell the goods by public auction. The goods were sold for Tshs 22,700,000. MIL had the following obligations to settle:

Duties due to customs	Tshs 12,500,000
Port charges of	Tshs 4,500,000
Freight and other charges	Tshs 13,800,000
Expenses of removal and sale of good of	Tshs 2,600,000
Clearing and forwarding charges	Tshs 670,000
Rent and charges due to customs	Tshs 8,800,000

REQUIRED

- a) Given the above receipts and obligations, determine how the proceeds of sale may be distributed
- b) To whom the balance if any, is supposed to be paid to?

QUESTION 55.

Tabora Gold Traders of Tanzania imported used goods from Taiwan. The cost of the car includes:-

Cost (FOB)	USD 3,500
Sea freight	USD 1,800
Insurance	USD 100

Upon arrival of the car at Dar es Salaam, Harbour on March 29, 2018 the customs officers issued assessment that in fact was based on the customs value that is higher than the actual CIF value by 10% The following rates were applicable at the date of assessing the car for duty and taxes purposes.

- Import duty on the car 20%
- Excise duty on the car 5%
- Value Added Tax 18%
- Railways and development levy 105%
- Exchange rate Tshs 2,200 per USD

REQUIRED:

- a) Compute the customs value in USD had the customs office not uplifted the value of the goods
- b) Compute total duties and taxes payable based on uplifted value in Tanzania shillings.

QUESTION 56.

Mr. Kwanza imported used Toyota Prado from Japan. The necessary details of the transaction for customs and taxation purposes were as follows:

Custom (CIF) value in Tshs 43,200,000

Import duty 25%, excise duty 20%, Railway and development levy 1.5% and VAT 18%

Required:

Compute the total duties and taxes payable by Mr. Kwanza.

QUESTION 57.

Mr. Mukunzi, an employee of Toto Tanzania Limited was confirmed as a permanent member of staff in May, 2019. In June, 2019 Mukunzi applied for an employer guaranteed car loan from Success Bank Tanzania Limited to enable him import a personal car from Japan for his private use. In July, 2019 Mukunzi placed an order with Kismai Japan Limited for a Toyota Probox, engine capacity 1,300cc, model 2005. In August, 2019, Kismai sent the following particulars to Mukunzi:

Details	USD
Cost of the vehicle	14,300
Insurance from Japan to the port of Dar es Salaam	1,000
Freight from Japan to Dar es Salaam	1,500

After reviewing the above details, Mukunzi confirmed to Kismai his acceptance of the terms in totality and then effected payment. Kismai delivered the car at the port of Dar es Salaam on 28 September, 2019 and then arranged for its transportation by road to Bunju in accordance with the terms of the agreed contract. On 30 September, 2019, Mukunzi engaged Swift Forwarders Tanzania Limited to transport the car from the port to Bunju. After payment of the relevant taxes and registration fees on 5 October, 2019, the car was issued with a number plate and a registration certificate by the Tanzania Revenue Authority.

Hint: Import duty rate = 25%, Excise duty rate = 0.4 times the import duty rate, Railway & Development Levy = 1.5%, Value added tax = 18% and the exchange rate on 5 October, 2019 was USD 1 = TZS 2,300.

Required: Compute the custom duties paid to the Tanzania Revenue Authority (TRA) on 5 October, 2019.