



**National University of
Science and Technology**

Think in Other Terms



FACULTY OF COMMERCE
DEPARTMENT OF FINANCE
MASTER OF SCIENCE DEGREE IN FISCAL STUDIES
FINAL EXAMINATION- NOVEMBER 2015
CUSTOMS MANAGEMENT AND REFORM [CFS5308]
TIME ALLOWED: 3 HOURS

INSTRUCTIONS TO CANDIDATES:

- 1) Answer Question **ONE (1)** and any other **THREE (3)** questions.
- 2) Read questions carefully and address all parts of the question.
- 3) Questions may be written in any order, but must be legibly numbered.
- 4) Write Legibly.

ADDITIONAL INFORMATION FOR CANDIDATES:

- 1) The paper contains **SEVEN (7)** questions.
- 2) All questions carry equal marks [**25 marks**].
- 3) This paper consists of 5 printed pages including cover page.

QUESTION ONE [COMPULSORY]

Read the following article that was taken from The Herald of 15 July 2013 and answer the questions that follow:

Zimra introduces cashless office

Beitbridge: The processing of vehicle imports at Beitbridge Border Post has become a nightmare for many car dealers and individuals after the Zimbabwe Revenue Authority introduced the Zero Cash Office concept without notice. The development has seen many importers spending between two and three days to clear their vehicles. The zero cash concept was mooted in 2005 although Zimra only started implementing it at Beitbridge Border Post three weeks ago.

It is now compulsory that all payments should be made through the Internet, Point of Sale machines or by depositing the money into Zimra's CBZ Bank account. It is understood that the zero cash office is open to anyone on ZimSwitch, Visa and MasterCard.

A visit to the border post by Herald Business yesterday showed that some unscrupulous dealers had taken advantage of the situation and were now "hiring out" their Automated Teller Machine cards for between US\$100 and US\$120 to make payments to Zimra.

A notice at the main cash office read: "Please note that no cash payment will be accepted with effect from 19 June 2013." Car dealers and individuals said that the authority should have made the information readily available across the country rather than getting the news soon after getting to Beitbridge.

They also voiced concern of challenges, especially during the weekends, when most banks would be closed and called on Zimra to make zero cash payment an option rather than compulsory.

Zimra's director of legal and corporate affairs, Ms Florence Jambwa, yesterday said the new concept was part of its strategies to consistently improve convenience and security to its valued clients.

"Currently, most inland stations do not handle cash as clients simply make deposits into Zimra accounts. "As you may appreciate, it is not safe for the transacting public in general and importers in particular to move around with cash. The Point of Sale machines which we have introduced at Beitbridge Border Post accept both ZimSwitch and international cards such as Visa and MasterCard, which makes it more convenient for our valued clients.

“Using online systems or the banking system to make duty and tax payments has advantages and provides greater convenience over bringing cash to Zimra offices in a number of ways. For instance, clients with Internet banking facilities can transfer funds to Zimra anytime (24 hours a day) from anywhere through their banks and they will be issued with instant receipts,” she said.

Ms Jambwa said they would soon be sending more swiping machines at Beitbridge Border Post to ensure efficiency and would also upscale the information dissemination through all print and electronic media available, including Facebook, Twitter and their website.

She said the new Zero Cash Office would ensure convenience for their clients and promote the use of “plastic money” which essentially implies 24-hour banking service for them.

“In addition, clients can use Internet banking which is not time-bound. The swiping machines are usable by clients on ZimSwitch, Visa and MasterCard platforms. Therefore, all clients who have ZimSwitch, Visa and/or MasterCard swipe cards should be able to transact with Zimra,” said Ms Jambwa. [Copyright © 2013 The Herald. All Rights Reserved.Date:15 July 2013 Author: Thupeyo Muleya]

Required:

- (a) Identify and explain any key international instruments providing for introduction of cashless offices in customs operations. [5 marks]
- (b) Using principles of change management, explain how the customs administration in the above case could have implemented this reform better than what was reported? [20 marks]

QUESTION TWO

In his 2015 mid-term fiscal policy review statement, the Minister of Finance proposed to tax income derived from profit oriented business entities undertaken by churches with effect from 1 January 2016. Tithes and offering remain exempted.

What are the advantages and disadvantages of taxing churches? [25 marks]

QUESTION THREE

In his 2015 mid-term fiscal policy review statement, the Minister of Finance proposed to remove the importation of second hand clothes from the Open General Import License [O.G.I.L] and that future importation will be forfeited and destroyed.

- (a) What were the objectives of banning the importation of second hand clothes? [5 marks]
- (b) To what extent will the ban on importation of second hand clothing help in achieving the objectives of the fiscal policy statement? [20 marks]

QUESTION FOUR

The Secretary General of the WCO, Kunio Mikuriya, announced that 2015 will be dedicated to promoting Coordinated Border Management under the slogan “Coordinated Border Management - An inclusive approach for connecting stakeholders”

Required:

- (a) Define ‘coordinated border management’. [2 marks]
- (b) Identify and discuss the three pillars of coordinated border management concept. [9 marks]
- (c) What is a single window system and how does it enhance coordinated border management in Zimbabwe? [7 marks]
- (d) Using examples, explain how the ‘one stop border concept’ enhances coordinated border management. [7 marks]

QUESTION FIVE

During national budget presentations and mid-term fiscal policy review statements, the Minister of Finance has been reviewing upwards the rates of duty for goods imported under SADC FTA agreement.

Required:

- (a) To what extent can Zimbabwe review the rates of duty it had offered for phase down in the regional trade agreements such as COMESA? [2 marks]
- (b) Evaluate the arguments in the case of Polytol Paints vs. Mauritius? [8 marks]
- (c) Evaluate the findings of the Court and its ruling/judgment? [5 marks]

- (d) Explain lessons that can be drawn from the case for both the private sector and governments? [5 marks]

QUESTION SIX

- (a) Define risk management, risk analysis and risk assessment as it applies to customs management. [6 marks]
- (b) Explain the benefits of risk management? [4 marks]
- (c) What issues should be taken into account when implementing risk management systems in customs management? [5 marks]
- (d) Give ten (10) examples of security threats that border agencies can come across during the course of their duties and how can each of them be dealt with using risk management approach. [10 marks]

TOTAL [25 MARKS]

QUESTION SEVEN

“Many enforcement officers have been trained in an environment where the worst is always assumed. These die-hards find it difficult to give-up the assumption that every trader is a potential smuggler or acknowledge that the majority of traders have legitimate intentions” (Grainger, 2008).

Required:

- (a) Evaluate this finding using relevant examples. [15 marks]
- (b) How do such attitudes frustrate customs modernization initiatives? [5 marks]
- (c) What should customs administrations do to improve the situation? [5 marks]

TOTAL [25 MARKS]

END OF EXAMINATION PAPER