

## **FOREIGN-TRADE ZONE DEFINITIONS**

### **Admit**

To bring merchandise into a zone with zone status.

### **Alteration**

A change in the boundaries of an activated zone or subzone; activation of a separate site of an already approved zone or subzone with the same operator at the same port; or the relocation of an already activated site with the same operator within an approved zone.

### **Audit-Inspection Procedures**

These procedures provide the framework for CBP to eliminate the on-site supervision of zones, and for zone operators and users to increase zone operating flexibility.

### **Conditionally Admissible Merchandise**

Merchandise which may be imported into the United States under certain conditions. Merchandise which is subject to permits or licenses, or must be reconditioned to bring it into compliance with the laws administered by various Federal agencies.

### **Constructive Transfer**

A legal fiction, which permits acceptance of a CBP entry for merchandise in a zone before its physical transfer to the CBP territory.

### **Default**

An action or omission that will result in a claim for duties, taxes, charges, or liquidated damages under the FTZ Operator's bond.

### **Domestic Merchandise**

Merchandise which has been produced in the United States and not exported therefrom; or merchandise imported into the United States and duty paid at the time of entry.

### **Domestic Status**

Merchandise produced in the United States; and imported merchandise properly released from CBP custody on which all applicable duties and taxes have been paid.

### **Dutiable Value**

The value of merchandise imported into the United States upon which duty is owed. For merchandise produced in a foreign-trade zone, the dutiable value is the sum of the value of the non-duty paid foreign material contained in the manufactured product.

**Foreign Merchandise**

Imported merchandise, which has not been entered into the CBP territory of the United States. It may have privileged, non-privileged or zone restricted status.

**Foreign-Trade Zones Board**

The Foreign-Trade Zones Board is responsible for the oversight of the Foreign-Trade Zones program, including the issuance of grants of authority. The Board consists of the Secretary of Commerce and the Secretary of the Treasury.

**Fungible Merchandise**

Merchandise which for commercial purposes is identical and interchangeable in all situations.

**Grantee**

A corporation to which the privilege of establishing, operating, and maintaining a Foreign-Trade Zone has been granted by the Foreign-Trade Zones Board.

**Harmonized Tariff Schedule of the US (HTSUS)**

The HTSUS is an international classification system of imported commodities that is used to determine the tariff that is assessed by the government for these commodities. A Harmonized Code is a specific classification for a specific type of commodity.

**Merchandise**

Merchandise includes goods, wares, and chattels of every description, except prohibited merchandise. Building materials, production equipment, and supplies for use in the operation of a zone are not "merchandise."

**Non-Privileged Foreign Status (NPF)**

Foreign merchandise upon which the duty and applicable taxes will be determined at the time that the merchandise enters the CBP territory of the United States from the zone for consumption.

**Operator**

A corporation, partnership, or person that operates a zone or subzone under the terms of an agreement with the grantee. The term "operator" also applies to a grantee that operates its own zone.

**Privileged Foreign Status (PF)**

Foreign merchandise upon which the duty and applicable taxes have been determined at the time that this status is approved. The determined duty rate and taxes are not subject to future fluctuation. Once established, privileged foreign status cannot be changed.

**Prohibited Merchandise/Operations**

Merchandise, whose importation is prohibited by law on grounds of public policy or morals, or any merchandise, which is excluded from a zone by order of the Foreign-Trade Zones Board.

**Subzone**

A special purpose zone established as part of a zone project for a limited purpose, which cannot be accommodated within an existing zone facility. The term "zone" also applies to a subzone, unless otherwise specified.

**Transfer**

To take merchandise with zone status from a zone for consumption, transportation, exportation, warehousing, cartage, or lighterage, vessel supplies and equipment, admission to another zone and like purposes.

**User**

A person or firm using a zone for storage, handling or processing of merchandise.

**Zone-Restricted Status**

Merchandise admitted to the zone for the sole purpose of exportation or destruction. Merchandise with zone-restricted status may not enter CBP territory for consumption except when approved by the Foreign-Trade Zones Board.

**Zone Site**

The physical location of a zone or subzone.

**Zone Year**

The Zone year is the fiscal year by which the Operator or User basis its inventory control reporting.