

## **IMPORTANT INFORMATION ABOUT ZONE SCHEDULES**

This zone schedule is being made available pursuant to 15 CFR 400.44(e), which states: “The Board shall make copies of zone schedules available on its Web site.”

Availability of this zone schedule on the FTZ Board’s website does not imply that the FTZ Board has approved any rate/charge, policy or other content of this zone schedule. In particular, while the FTZ Board staff intends to conduct spot checks over time, zone schedules are not reviewed for compliance with the public utility requirement (19 U.S.C. 81n, 15 CFR 400.42) prior to making the zone schedules available via the Board’s website.

Pursuant to 15 CFR 400.44(b)(4), a grantee may not assess any specific rate or charge for which the amount – or formula for calculating the amount – does not appear in the zone schedule that the grantee has submitted to the FTZ Board.

Complaints about a grantee’s compliance with statutory and regulatory requirements related to public utility and uniform treatment – including rate or charge amounts/formulas, a grantee assessing a rate or charge amount/formula that does not appear in its zone schedule, and a grantee not affording uniform treatment under like conditions – may be presented to the FTZ Board under 15 CFR 400.45 (which also allows for complaints to be made on a confidential basis, if necessary).

Questions or concerns may be addressed to the FTZ Board staff at (202) 482-2862 or [ftz@trade.gov](mailto:ftz@trade.gov).

# ZONE SCHEDULE FOREIGN-TRADE ZONE NO. 271

## ZONE SCHEDULE NO. 1

CHARGES, RATES, RULES AND REGULATIONS APPLICABLE AT FOREIGN-TRADE ZONE NO. 271, SAVANNA, IL. OPERATING UNDER GRANT OF AUTHORITY FROM THE UNITED STATES FOREIGN-TRADE ZONE BOARD TO JO-CARROLL FOREIGN TRADE ZONE BOARD.

## ADMINISTRATION PAGE

GRANTEE: JO-CARROLL FOREIGN TRADE ZONE BOARD

GENERAL OFFICE: 18933 A Street, Savanna Depot Park, IL 61074  
Phone Number: 815-273-4371

OPERATOR: ILLINOIS INTERNATIONAL TRADE CENTERS, LLC

GENERAL OFFICE: 3177 McIntyre Road, Savanna Depot Park, IL 61074  
Email address: IITC.USA@gmail.com

## CHECK SHEET FOR ZONE SCHEDULE CHANGES

This Zone Schedule is issued in loose-leaf form, and all changes will be made by reprinting the entire page or by adding other pages. Revised pages will bear correction numbers at the top of the page. Therefore, upon receipt, the correction number should be checked and if any omissions are found, request should be made at once for the missing numbers.

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**DISTRIBUTION LIST**

**ZONE SCHEDULE**

Illinois International Trade Centers, LLC.

- President
- Corporate Counsel
- International Documentation Clerk
- Warehouse Manager
- Shipping Supervisor
- Receiving Supervisor

Quad City Port Director of U. S. Customs and Border Protection - 3 Copies  
Copies 1, 2, 3

Jo-Carroll Foreign Trade Zone Board (Grantee)

U.S. Department of Commerce Foreign-Trade Zones Board



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**PREFACE**

The following system is designed to meet the requirements of the U.S. Customs Service Regulations (T.D. 86-16) for Audit-Inspection Procedures in Foreign-Trade Zones. Under the Regulations, the Operator maintains the inventory records. The U.S. Customs Service is relieved of the duty of actually keeping the records, but maintains assurance of the systems' accuracy by selective examinations of merchandise, and spot checks and audits of zone facilities. This system is capable of producing the following required results:

1. Accounting for all merchandise, including domestic status merchandise, temporarily deposited, admitted, granted a zone status and/or status change, stored, exhibited, manipulated, manufactured, destroyed, transferred, and/or removed from a zone;
2. Producing accurate and timely reports and documents as required by the Customs Regulations;
3. Identifying shortages and overages of merchandise in the zone in sufficient detail to determine the quantity, description, tariff classification, zone status, and value of the missing or excess merchandise;
4. Providing all the information necessary to make entry for merchandise being transferred to the Customs territory; and
5. Providing an audit trail to Customs forms from admission through manipulation, manufacture, destruction or transfer of merchandise from the zone by a Customs authorized inventory method.

IITC maintains Zone documents for 5 years after completion of a transaction for Customs examination.

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**I. GENERAL MATTERS**  
**A. DEFINITIONS**

1. **Grantee:** The Jo-Carroll Foreign Trade Zone Board. A public entity to which the privilege of establishing, operating, and maintaining a foreign-trade zone has been granted by the U.S. Department of Commerce Foreign-Trade Zones Board.
2. **GPZ (General Purpose Zone) Operator:** Illinois International Trade Centers, LLC, an Illinois corporation, operating under a contract with the Grantee, and exclusively responsible for managing and supervising the daily operations of the foreign trade zones program within the Grant of Authority of FTZ #271 and all expansion and modifications there of.
3. **Merchandise:** Merchandise includes goods, wares, and chattels of every description, except prohibited merchandise. (Building materials, production equipment and supplies for use in operation of a zone may not be considered "merchandise".)
4. **Prohibited Merchandise/Operations:** Merchandise, the importation of which 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. Books urging treason or insurrection against the U.S., obscene pictures, and lottery tickets are examples of Prohibited Merchandise. Also, certain operations involving the following merchandise are prohibited: Tobacco, cigars, cigarettes, and cigarette papers and tubes (26 U.S.C. 5701-5706); Firearms (26 U.S.C. 4181-4181/5811); Distilled spirits, alcohol, wine and beer (26 U.S.C. 5001-5008, 5010); Sugar (26 U.S.C. 4501-4503); Watch movements (19 U.S.C. 1367-1368); Bicycle parts have been prohibited for a limited time period (19 U.S.C. 81c); and Retail sales in a zone (19 U.S.C. 18o & 19 CFR 146.14).
5. **Domestic Merchandise:** Merchandise which has been 1) produced in the United States and not exported therefrom, or 2) previously imported into the Customs territory of the United States and properly released from Customs custody. This means imported merchandise on which all necessary duties and taxes if applicable, have been paid, and upon which no drawback has been claimed, is considered domestic merchandise when admitted to a foreign-trade zone. Merchandise returns from customers is considered domestic merchandise unless application for drawback is made.

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6. **Foreign Merchandise:** Imported merchandise which has not been released from Customs custody into the Customs territory of the United States. This means imported merchandise upon which duty and taxes, if applicable, have not been collected.
7. **Prohibited Activities:** Included in prohibited activities are: a) the destruction of distilled spirits, wines and fermented malt liquors; b) rectification of spirits and wines; c) the manufacture or production of alcoholic products unfit for beverage purposes. Any activities determined by federal, state, or local authorities to be detrimental to the public health and safety and retail trade are not permitted in a zone.
8. **Mixed Status Merchandise:** Foreign Merchandise which has been combined with Domestic Merchandise in the zone is sometimes referred to as Mixed Status Merchandise.
9. **Conditionally Admissible Merchandise:** Merchandise which may be imported into the U.S. under certain conditions. Merchandise which is subject to permits or licenses, or which must be reconditioned to bring it into compliance with the laws administered by various Federal agencies, is an example of Conditionally Admissible Merchandise.
10. **Restricted Merchandise/Operations:** Merchandise which may not be authorized for delivery from Customs custody without a special permit, or a waiver thereof, by an agency of the U.S. Government. Also, the Foreign-Trade Zones Board and U.S. Customs and Border Protection Service have restricted certain operations involving the following products: steel, textiles, television tubes, sugar. Operations involving orange juice may be restricted. The restrictions may vary on a case-by-case basis.
11. **Fungible Merchandise:** Merchandise which for commercial purposes is identical and interchangeable in all situations.
12. **Audit-Inspection Procedures:** These procedures are designed to meet the requirements of the U. S. Customs Service Regulations (T.D. 86-16) for Audit-Inspection Procedures in Foreign-Trade Zones. Under the Regulations, the Operator maintains the inventory records. The U.S. Customs Service is relieved of the duty of actually keeping the records, but maintains assurance of the systems accuracy by selective examinations of merchandise, and spot checks and audits of zone facilities.
13. **Automated Inventory/Record keeping System:** The Zone Inventory System which produces accurate and timely documents, providing an audit trail from admission through manipulation, manufacture, destruction and transfer from the zone.

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14. Zone Inventory System (ZIS): Automated inventory control and record keeping system used at zone.
15. Zone Status: The legal status of goods in a Foreign-Trade Zone.
- a) Privileged Foreign (PF): Foreign merchandise or non-tax-paid domestic merchandise upon which the duty and applicable taxes have been determined at the time this status is approved. The determined duty rate and taxes are not subject to future fluctuation. Once established, Privileged Foreign Status cannot be changed. If merchandise has already been admitted into the Zone in Non-privileged Foreign Status, Privileged Foreign Status may be obtained by filing a CF 214. Application for this status, however, must be filed prior to manipulation or manufacture.
  - b) Non-privileged Foreign (NPF): Foreign merchandise or non-tax-paid determined at the time the merchandise enters the Customs territory of the United States from the foreign-trade zone.
  - c) Domestic (D): Merchandise produced in the U.S., not exported therefrom, and on which all internal revenue taxes, if applicable, have been paid; and, imported merchandise properly released from Customs' custody on which all applicable duties and taxes have been paid.
  - d) Zone Restricted (ZR): Merchandise entered into a zone for the purpose of exportation or destruction (other than alcoholic spirits or beverages). Merchandise with ZR status may not be returned to U. S. Customs territory for domestic consumption except as approved by the Foreign-Trade Zones Board.
16. Constructive Transfer: A legal fiction which allows Customs to consider that the merchandise has been transferred to the Customs territory without physical removal from the zone. Goods are considered imported into the Customs territory at the time of constructive transfer and therefore subject to entry procedures.
17. Antidumping and Countervailing Duties: Are to be calculated by using the date privilege is requested in the case of Privileged Foreign merchandise and the date of entry for consumption or warehouse in the case of Non-privileged Foreign merchandise. Privileged Foreign merchandise is not subject to either type of duty or

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bonding requirement unless an antidumping or counter-veiling duty order is in effect for such merchandise on the date the application for privilege is filed in complete and proper form. The treatment of Non-privileged Foreign merchandise depends on whether such merchandise is substantially transformed while in the zone. If not transformed, Non-privileged Foreign merchandise is subject to any order in effect for such merchandise on the date of entry. If substantially transformed while in a zone, Non-privileged Foreign merchandise is not subject to either type of duty except in the case of antidumping duties for merchandise transformed by a party in a zone who is related to the foreign manufacturer.

18. **Marking:** If an imported article undergoes a substantial transformation while in the foreign-trade zone, that is, such processing that the resultant product is one having a name, character or use differing from that of the article which was entered into the foreign-trade zone, the final product would no longer be considered to be of foreign origin. Authorization of the use of the legend "Made in USA" is beyond the scope of the U.S. Customs Service. It is within the jurisdiction of the Federal Trade Commission. If no transformation occurs, the requirements of Section 304 of the Tariff Act must be met upon entry of the merchandise into the Customs territory.
19. **Zone Site:** The physical location of a zone or subzone.
20. **Authorized Inventory Method:** A Customs authorized inventory method other than a lot system (specific identification of merchandise) is used, e.g., Modified First-In-First-Out (FIFO), no lot file is required but the Operator shall maintain a file of all Customs Form 214s in sequential order. [19 CFR 146.37(2)]
21. **Examination Invoice:** The Operator shall make available a copy of the examination invoice to the person making entry to transfer the merchandise from the zone upon request of that person or the District Director. [19 CFR 146.37(2b)]
22. **Control Number/UIN:** A sequentially numbered system for each CF 214 which serves as  
the UIN for each shipment arriving at F.T.Z. No. 121. The Control Number is used  
on  
all Customs and Foreign-Trade Zone forms.

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**B. U. S. CUSTOMS SERVICE FORMS**

These forms are processed by the Operator or its Custom House Broker.

1. 301: Customs Bond
2. 3461: Immediate Delivery Application
3. 7501: Consumption Entry
4. 7505: Warehouse Withdrawal for Consumption
5. 7505-A: Permit for Warehouse Withdrawal for Consumption
6. 7512: Transportation Entry and Manifest of Goods Subject to Customs Inspection and Permit
7. Discrepancy Report

**C. FOREIGN-TRADE ZONE FORMS**

The Foreign-Trade Zone forms, CF 214 and CF 216, are official U.S. Customs forms, required for admitting merchandise into the zone, and processing merchandise while in the zone.

1. **Customs Form 214:** Application For Foreign-Trade Zone Admission and/or Status Designation
2. **Customs Form 216:** Application For Foreign-Trade Zone Activity Permit
3. **Blanket Customs Form 216:** Yearly Application For Foreign-Trade Zone Activity Permit.
4. **Receiving Report**
5. **Work Order**
6. **Sales Forecast/Shipping Estimate**
7. **Picking Ticket**

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**D. SECURITY PROCEDURES**

1. Identification of Employees Within the Zone Site

All persons employed within the Zone will be required to be identifiable as Zone employees.

2. Employees and Other Persons Entering or Leaving the Zone Site

Employees and other persons entering or leaving the Zone site shall only use the designated entrance(s) and exit(s). Anyone entering or leaving the Zone may be subject to physical examination as the District Director, U. S. Customs and Border Security, deems necessary, or at the request of the Operator. Anyone entering the Zone for whatever reason shall adhere to the Foreign-Trade Zones Board regulations, Customs regulations and the rules and regulations issued by the Operator of the Zone.

3. Visitors

Visitors to the Zone will be granted entrance only after the need to enter the Zone is verified. A Visitor's Log will be maintained by the Operator and Visitor's Badges will be issued to all visitors and contain the following information:

1. Date
2. Name
3. Firm
4. Person to be visited
5. Time In and Time Out

4. Signs

Signs will be placed at strategic points at entrances to the Zone which will read:

**WARNING**

**THIS IS A U. S. FOREIGN-TRADE ZONE. WHOEVER MALICIOUSLY ENTERS WITH INTENT TO REMOVE THEREFROM ANY MERCHANDISE, OR UNLAWFULLY REMOVES MERCHANDISE FROM U. S. CUSTOMS SERVICE CUSTODY OR CONTROL SHALL BE GUILTY OF A FEDERAL CRIME AND FINED NOT MORE THAN \$5,000.00 OR IMPRISONED NOT MORE THAN 2 YEARS, OR BOTH.**

**(18 U.S.C. 549).**

5. Physical Security

Building plans have been submitted to Customs prior to activation of zone operations and its security procedures reviewed by Customs. All zone facilities are secure at doors and windows.

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**E. PHYSICAL FACILITIES & MATERIAL MANAGEMENT**

All merchandise stored in the Zone will be stored in a safe and sanitary manner. Aisles will be established in storage areas. All entrances will be left unblocked. Trash and waste will be promptly removed from the zone. All local, State and Federal Health Laws will be observed to ensure protection of public safety.

**II. INVENTORY CONTROL AND RECORD KEEPING SYSTEMS**

**A. GENERAL**

The Zone Inventory System is designed to meet the requirements of the U.S. Customs Service Regulations (T.D. 86-16) for Audit-Inspection Procedures in Foreign-Trade Zones. Under the Regulations, the Operator maintains the inventory records. The U.S. Customs Service is relieved of the duty of actually keeping the records, but maintains assurance of system accuracy by selective examinations of merchandise, and spot checks and audits of zone facilities.

**B. PROPRIETARY INFORMATION**

The Operator will take precaution to avoid the divulging of confidential information regarding merchandise and services performed thereon in the Zone. Any Zone employee violating this confidential relationship will be suitably disciplined or discharged.

All proprietary information contained on a Customs form or in the inventory control and record keeping systems will not be disclosed to unauthorized persons, in accordance with U.S. Customs Laws. The above information is available to U. S. Customs for review Monday through Friday from 8:30 a.m. until 5:00 p.m. at the Foreign-Trade Zone office in Guilderland Center, NY.

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**C. SYSTEMS DESCRIPTION**

A modified "First-in, First-out" (FIFO) inventory procedures are used to record inventory. A unique identifier ("Control Number") system will be used for the control and accountability of merchandise in the Zone. However, physical segregation and identification of fungible items will not be maintained.

A Control File shall be maintained for each Control Number. Each Control File shall contain the source documents pertaining to transactions involved with that Control Number.

A CF 214 is prepared for all merchandise entering the Zone. The CF 214 information is placed directly into Zone Inventory System.

A CF 216 or Blanket CF 216 is prepared for manipulation of merchandise. The CF 216 information is placed into the Zone Inventory System from the hard copy of the CF 216. The Zone Inventory System then produces a FTZ 10/Adjustment Document detailing the activity reported on the CF 216.

As Zone activity occurs worksheets are completed for the Zone Forms 5, 10, 15 and 20. After accuracy of the document has been verified the information is placed into the Zone Inventory System which produces the official copy of the Zone form.

The following Control Number Logs are maintained to ensure accountability of the forms:

- CF 214
- CF 216
- Blanket CF 216

Original document files are maintained for the following forms:

- CF 214
- CF 216
- Blanket CF 216

A copy of all CF 214's and CF 216's are supplied to the local U. S. Customs office on a weekly basis.

The following reports are produced on a monthly basis:

Monthly Activity Report  
Bureau of Census Report for direct submission  
Periodic Inventory Reports



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**D. RECORD RETENTION**

Records will be retained for five (5) years after the merchandise is removed from zone status. Records will be readily available for Customs review at the Zone Site(s).

**E. INPUT QUALITY CONTROL PROGRAM**

Quantities recorded in the system, after allowance by Customs for any discrepancies, will be the quantities of merchandise for which the Operator shall be held liable under its bond for admission to the zone.

1. Utilizing independent source documents (in bond documents and vendor shipping invoices, etc.), verify that quantities, unit values and descriptions of materials received are properly recorded in the zone inventory control system.
2. Utilizing zone inventory receiving records, trace selected receipts back to admission documents.
3. Verify that receipt overages and shortages are documented and properly reported to Customs.
4. Review suspense activity for adequate documentation and proper disposition.
5. Verify that zone status is properly documented and supported.
6. Verify that cycle counts or spot checks are being performed, reported and recorded properly.
7. Observe the physical flow of merchandise including, where applicable, manipulation, manufacturing processes, etc.
8. Review most recent annual physical inventory to determine whether proper inventory methodology was used and all adjustments were properly recorded in the inventory control systems and reported to Customs.
9. Select shipments from inventory records and verify that proper Customs entry procedures were followed.
10. Verify that scrap, damaged and obsolete goods, if applicable, are properly documented and recorded in the inventory control systems, and the physical condition of the merchandise on transfer from the zone.

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11. Determine whether status changes have occurred and if so, whether they were properly reported to Customs and recorded in the inventory control systems.
12. Utilizing independent source documents verify and reconcile to inventory records quantities, descriptions, zone status and values of merchandise claimed to have been transferred from the zone.
13. Perform necessary verification to determine that merchandise transferred from the zone for export has been exported.

**III. PROCEDURES FOR RECEIPT OF MERCHANDISE AT ZONE**

**A. FOREIGN**

1. Upon arrival at the first port of unloading the Operator or its Custom House Broker will arrange for foreign merchandise to be transferred in-bond on a CF 7512 to the zone. If the Zone is located at the first port of unloading, a CF 3171, CF 6043, or CF 214 will be used for delivery of the merchandise to the zone.
2. The Operator or its Custom House Broker prepares for the arrival of foreign merchandise by completing a uniquely and sequentially numbered CF 214, Items 1 through 27. Item 6 will be filled in with the Control Number. The remainders of items 1- 27 are completed, and the Operator or its Custom House Broker signs and dates the CF 214 in Items 28-30. The Operator or its designee transmits the CF 214 to Customs along with 2 copies of an examination invoice (19 CFR 141.81, et seq.) and evidence of right to make entry (19 CFR 141.11 & .12). Customs may require additional information if needed to conduct an examination of the merchandise under Customs selective entry processing criteria or to determine whether the merchandise is admissible to the zone.
3. Customs will sign the CF 214 in items 31-36 and return copies to the Operator or its designee and/or use the new automated response procedures thereby permitting the merchandise to be admitted to the Zone.
4. If direct delivery has been authorized and electronic transmission of the in bond documentation and CHF 214 is not in place in the Port of Albany, Operator shall provide Customs with two (2) hard copies of the inbound documentation, the CHF 214 and the commercial invoice associated with that shipment by the end of the next working day after its receipt at the Zone.

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5. A Control File will be created containing source documents pertinent to transactions involving that merchandise.
  6. Census Bureau Statistical information (pink copy of the 214) will be furnished to US Customs. If all parties agree, the Census Bureau copy may be furnished electronically to the Census Bureau.
- B. DOMESTIC**
1. No application or permit (CF 214) is required for the admission of domestic status merchandise, including domestic packing and repair material, to a zone, except upon order of the Commissioner of Customs. No application or permit is required for the manipulation, manufacture, exhibition, destruction, or transfer to Customs territory of domestic status merchandise, including packing and repair materials, except: (1) when it is mixed or combined with merchandise in another zone status, or (2) upon order of the Commissioner of Customs. When the Commissioner orders a permit to be required for domestic status merchandise, he/she may also order the procedures, forms, and terms under which the permit will be received and processed.
  2. Record keeping Requirements – Accurate records must be kept for all domestic status merchandise in a zone in accordance with the operator’s warehouse procedures and US Customs requirements.
  3. Loss of Identity as Domestic Status Merchandise - When identity of domestic status merchandise has been lost due to noncompliance with Customs Regulations, it shall be treated upon entry to Customs territory as foreign merchandise under the provisions of the tariff and internal revenue laws in force at that time. Customs may consider domestic status identity maintained when it can be established through inventory control and accounting procedures approved by Customs. Domestic status merchandise shall not be considered to have lost its identity if the zone inventory control and record keeping system accurately identifies both domestic and foreign status fungible merchandise. In a UIN system involving fungible merchandise of multiple statuses, the zone inventory control and Record keeping system shall be sufficient for these purposes.
  4. Customs will not require permits for domestic status merchandise which has not been manufactured, manipulated or otherwise processed with other status merchandise unless and until an order of the Commissioner has been placed in effect.
  5. Return of Domestic Status Merchandise to Customs Territory - Upon compliance with the Customs Regulations any merchandise remaining in domestic status, not mixed

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with merchandise in any other status, may subsequently be returned to Customs territory free of quotas, duty, or tax.

**IV. RECEIPT OF MERCHANDISE AT ZONE**

1. Upon arrival of the merchandise at the Zone, the Operator or its Customs House Broker receives the merchandise in the zone as follows:
  - a. Bonded carrier presents shipping documents to the Operator's representative (Receiver) at the FTZ warehouse
  - b. U.S. Customs removes the seal and Receiver unloads the cargo and checks the condition of the merchandise. Alternate Procedure - In those instances where the Customs Inspector is unable to be in attendance when imported in bond merchandise is to be unloaded the Inspector may authorize the Operator to unload the merchandise and place it in a secured holding area to await Customs inspection at a later date or to place merchandise directly into inventory.
  - c. If seals are broken, missing, or improperly affixed on arrival at the zone, the Operator or its Custom House Broker will obtain the written concurrence of the carrier on the delivery receipt or the CF 7512 as to the condition of the seal on delivery, and prevent unloading until a Customs officer is notified and instruction is received.
  - d. Using the warehouse copy of the Receiving Report and a copy of the CF 214, the Receiver checks the quantity of merchandise received against the shipper's packing list. Discrepancies are noted on each document as described in Section V "Reporting Damage, Excesses or Missing Merchandise"
  - e. Receiver signs and dates the carrier's delivery receipt returning the original to the carrier and retaining a copy for file. Receiver then releases the carrier. Note: If there are any discrepancies the carrier is not released until all of the steps in Section V "Reporting Damage, Excesses or Missing Merchandise" have been completed.
  - f. Receiver moves the merchandise to the appropriate warehouse location and notes the location on the receiving report.
2. The person responsible for inventory control checks the accuracy of the receiving documents and enters the receiving report information and the CF 214 information into the inventory record. The inventory control person also notifies the Customs House Broker of receipt of the merchandise by forwarding a copy of the CF 214.
3. If the Automated Manifest System (AMS) is not used and "Paperless Master In-Bond Program" (MIB) is not used the following procedures will be used: The CF 7512 will

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- be signed and dated by the Operator or its Custom House Broker at the FTZ warehouse to accept responsibility for the merchandise under the FTZ Operator's bond and to relieve the carrier of responsibility. The Operator may complete items 46-49 on the CF 214.
4. A CF 216 or Blanket CF 216 may be prepared and filed with Customs prior to receipt of merchandise in the zone which is to be manipulated, manufactured, exhibited, or destroyed in the zone.

**V. REPORTING DAMAGED, EXCESS OR MISSING MERCHANDISE**

1. Whenever merchandise is found to be broken or otherwise damaged or missing from the Zone following the filing of the CF 214, it is the responsibility of the Operator or its Custom House Broker to notify the Customs Inspector.
2. The Operator or its Custom House Broker may submit a Discrepancy Report for discrepancies noted after admission. The inventory amount shall be adjusted to honor such claims if they are allowed by Customs under Part 158, Subpart A, Customs Regulations. Inventory amounts may also be adjusted as provided hereafter in this Section.
3. If significant damage (more than 10% of value of goods) or discrepancy is discovered at the time of unloading and a U.S. Customs agent is not present the Operator will call U.S. Customs for instructions. The operator will not release the carrier until instructions are received from U.S. Customs. If the damage or discrepancy is not significant (less than 10% of value of goods) or if U. S. Customs could not be contacted after reasonable efforts have been made, the operator may receive the merchandise into the zone. If the damage was significant (more than 10% of the value of the goods) the entire shipment covered by the CF214 will be moved into the Zone and held in a segregated area of the warehouse until the disposition of the merchandise has been resolved with U.S. Customs. Merchandise will be entered in an inventory suspense account until the matter has been resolved.
4. Under FIFO system all merchandise, foreign and domestic, is subject to a Discrepancy Report and is sent to U.S. Customs.
5. In the case of damaged merchandise, U.S. Customs shall then be notified by the Operator. As soon as the damaged merchandise is inspected or such inspection is waived by U. S. Customs, permission will be requested to take whatever corrective emergency measures might be necessary to prevent further damage. If the nature of the damage is evident and all the damaged merchandise is physically present in the Zone, then permission may be requested to destroy the damaged merchandise under Customs supervision using a CF 216, or for exporting it.

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**A. PHYSICAL INVENTORY**

The Operator will conduct a physical inventory of merchandise in the zone according to generally accepted accounting principals. Regardless of method used, Operator will count 100% of the inventory not less frequently than once per year. Cycle counts will also be performed on a regular basis to ensure accuracy. Any adjustments to the inventory records will be made within 30 days of the time of discovery.

- a. If all foreign merchandise in the Zone is accounted for any positive adjustments will be considered domestic and appropriate adjustments will be made to Zone Inventory System for domestic merchandise.
- b. If positive adjustments are found to affect foreign status merchandise, the District Director will be made aware of the adjustments and a CF 214 will be completed and entered into the Zone Inventory System noting the inventory adjustment.
- c. If all foreign merchandise in the Zone is accounted for any negative adjustments will be considered domestic and appropriate adjustments will be made to Zone Inventory System for domestic merchandise.
- d. If negative adjustments are found to affect foreign status merchandise, The District Director will be made aware of the negative adjustments and an entry will be made for the merchandise and the appropriate duty paid.

A copy of the inventory records will be provided to U.S. Customs upon request.

**B. SUSPENSE ACCOUNT FILE**

Merchandise received without complete Customs documentation or which is unacceptable to the Zone Inventory Systems will be recorded in the Suspense account File by the Operator or its Custom House Broker. Such merchandise shall be physically segregated from Zone inventory and physically marked to indicate that it is "Merchandise in Suspense Inventory." When sufficient information or documentation becomes available, the Operator or its Custom House Broker will complete the admission procedures above, and relieve the Suspense Account accordingly. The Suspense Account will be completely documented to explain what has occurred.

**C. ADMISSION SUSPENSE ACCOUNT**

Merchandise received without documentation will be entered into an admission Suspense Account and physically segregated in the FTZ warehouse.

A Suspense Account File will be created which contains as much of the following information as is available:

1. Suspense Account Control Number - A sequentially ordered number with the prefix "S" followed by a four (4) digit number.

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2. Opening Date - Date entered into the Suspense Account.
3. Date Received - Date Received at Zone.
4. Description of Merchandise
5. Vendor Name
6. Receiving Report & receiving documents
7. Date Closed - Date merchandise put into the Zone Inventory System.
8. Control Number - Control Number given to merchandise when it is entered into the Zone Inventory System.

**D. TRANSFER SUSPENSE ACCOUNT**

Merchandise entered into the Transfer Suspense Account will be logged into the Suspense Account Log with the same information as above except that Item 3 will be the Date Shipped, Item 6 will be a Pick Ticket, and Item 8 will be an Entry Number.

A Suspense File will be created on the merchandise in the Suspense Account.

**VI. PROCEDURES FOR STORAGE, CHANGE IN ZONE STATUS, MANIPULATION, MANUFACTURE, EXHIBITION, OR DESTRUCTION OF MERCHANDISE AT ZONE**

**A. STORAGE**

Merchandise may be stored for an unlimited period of time in the zone. Merchandise may be shipped in the same condition as received at the zone. Merchandise controlled under a unique identifier system need not be physically segregated or marked with unique identifier numbers.

**B. CHANGE IN ZONE STATUS**

The zone status of merchandise may be changed in the zone. Merchandise in NPF status may be changed to PF status if done prior to manipulation or manufacture effecting a change in tariff classification of the merchandise. PF status may not be changed to NPF status. Merchandise in PF or NPF status may be changed to ZR status.

1. The Operator or Customs House Broker, will prepare a CF 214 for a zone status change.
2. The Operator will forward to Customs for approval and execution. A request for PF status must be accompanied by an invoice showing tariff classification and dutiable value.

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3. Three (3) copies are retained by Customs; two (2) copies are retained by the Operator. A copy is placed in the Zone Control File (if appropriate) and in the Zone CF 214 File.
4. The CF 214 information will be entered into the Zone Inventory System utilizing a hard copy of CF 214, unless all parties agree to ABI filing.
5. When a Zone Lot has been entirely liquidated from the Zone through transfer to the domestic commerce of the US, export and/or destruction, Customs shall be notified by delivering a copy by fax or letter of the front cover of the Zone Lot file indicating the UIN and a summary of the transactions that liquidated the Lot.

**C. MANIPULATION AND MANUFACTURE**

Virtually any type of manipulation or manufacture is permitted in the zone except for Prohibited Operations (Section I.A.7) or Restricted Operations (Section I.A.10). Any new manufacturing operation (not manipulation) must be approved by the Foreign-Trade Zones Board. What constitutes a manipulation or manufacture is a complex legal issue; any questions should be discussed with Customs Counsel.

1. A yearly, blanket CF 216 may be prepared and filed with Customs prior to manipulation, manufacture, exhibition or destruction. The document will thoroughly describe the activity.
2. If a blanket CF 216 is not used, the Operator, its Custom House Broker will prepare the CF 216 detailing the specifics of the proposed manipulation or manufacture. The Operator signs all copies of the CF 216 in item 15 and forwards to Customs. Customs approves the CF 216 in Item 17 and returns copies to the Operator. A copy is placed in the appropriate zone control file (if appropriate) and in the Zone CF 216 file.
3. The manipulation may then occur. The Operator must maintain an accurate record and audit trail of the activity authorized in the zone inventory system.
4. The CF 216 information is placed into the Zone Inventory System from the hard copy of the CF 216. The Zone Inventory System then produces a FTZ 10/Adjustment document detailing the activity reported on the CF 216.
5. If F.T.Z. operations generate merchandise scrap or waste on an ongoing basis, a FTZ 20/Tally Out and Customs Entry for Scrap would be prepared that accumulates the data for a given time period and decrements the inventory record. A clear audit trail must be evident for scrap produced by manufacturing processes.



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6. Temporary Removal From The Zone For Rework. This procedure utilizing FOR-1-CO:R:CD:D 218458 RB, January 27, 1986, will be supplied at a later date if the need arises.

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**D. EXHIBITION**

Any merchandise admitted to the zone may be exhibited. However, retail sales are not permitted. Wholesale sales are permitted.

**E. DESTRUCTION**

Whenever zone status merchandise is discovered damaged or merchandise is considered waste or scrap, it shall be physically segregated, marked and otherwise secured to preserve its identity. Such merchandise may be held for return to the vendor, or for destruction, or Customs entry made.

1. If to be returned to a foreign vendor; see Section X for Procedures For Export. If domestic merchandise is to be returned to domestic vendor, Zone Inventory System procedures shall be followed for FTZ 5/Forecast and FTZ 20/Tally Out but no Customs documentation is required.
2. If to be entered for consumption, see Section IX for Procedures For Transfer to Customs Territory. An allowance in dutiable value may be made by Customs for damage, deterioration or casualty while the merchandise is in the zone.
3. If to be destroyed:
  - a. Documentation of destruction is required for future, possible review by U.S. Customs.
  - b. Otherwise, the Operator or its Custom House Broker will prepare a CF 216 detailing the specifics of the proposed destruction. The Operator signs all copies of the CF 216 in item 15 and forwards to Customs. Customs approves the CF 216 in item 17 and returns copies to the Operator. Two (2) copies are retained by Customs; two (2) copies are retained by the Operator; A copy is placed in the zone control file (if appropriate) and in the Zone CF 216 file.
  - c. The CF 216 information is placed into the Zone Inventory System from the hard copy of the CF 216. The Zone Inventory System then produces a FTZ 10/Adjustment Document detailing the activity reported on the CF 216. The FTZ 10 is signed by the Operator or the Custom House Broker.

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The signed FTZ 10 is distributed as follows:

Three (3) copies are retained by Operator

Original maintained in FTZ 10 File  
One (1) copy to Control File (If appropriate)  
One (1) copy to U.S. Customs

Two (2) copies are distributed to the Custom House Broker.

- d. Unless Customs decides to physically supervise the destruction, the destruction may then occur. Customs may permit destruction to be performed outside the zone, in whole or in part at the risk and expense of the Operator and under such conditions as are necessary to protect the revenue, if proper destruction cannot be accomplished in the zone.
- e. Any residue from the destruction within a zone may be removed to Customs territory on a CF 461 and/or CF 7501. Some residue may be dutiable.
- f. All merchandise destroyed shall be recorded in the zone inventory system.
- g. Once the destruction is completed (except where a yearly, blanket CF 216 is used), the Operator will notify Customs so that Customs may complete items 46-49 on the CF 216 to close out the activity file.

**VII. PROCEDURES FOR REPORTING THEFT, OVERAGE AND SHORTAGE AND DAMAGE OF MERCHANDISE**

**A. THEFT**

Thefts or suspected thefts of any merchandise shall be reported in writing to the District Director of Customs upon discovery. Every effort shall be made to determine the facts and assist Customs and other federal or local agencies in any investigation and prosecution for theft.

**B. OVERAGE, SHORTAGE AND DAMAGE**

The inventory control and record keeping systems shall record all inventory overages and shortages of any damaged merchandise (NPF, PF and D) and report same as follows:

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1. Domestic Status merchandise not admitted to the zone on a CF 214 need not be the subject of any report (nor in the Annual Reconciliation) to the U.S. Customs Service because of any overage, shortage or damage.
2. Overage – Excess Foreign Status merchandise not properly admitted to the zone shall be admitted to the Zone on a CF 214 or Customs Entry shall be made. The CF 214 or Customs Entry shall be filed with Customs along with a written report to the District Director of Customs within five (5) days after identification. (Failure to so report may result in the merchandise being sent to General Order, or the imposition of liquidated damages, penalties, suspension or revocation.)
3. Shortage – Shortages of one (1) percent or more of the quantity of Foreign Status merchandise in a Zone control file/UIN, and the missing merchandise would be subject to duties and taxes of \$100 or more upon entry to the Customs territory, shall be reported in writing to the District Director upon identification. Upon discovery of a shortage, entry shall be made submitting all duties and taxes owed. Otherwise, merchandise shortages shall be reported by filing an Amended CF 214, a Discrepancy Report, or recorded in the zone inventory control and record keeping system and accounted for in the Annual Reconciliation.
4. Damage - Damaged merchandise may be disposed of as set forth in Section VI.E.

**C. IDENTIFICATION**

1. Identification of overages or shortages shall occur only when the Zone Inventory records are updated for overages or shortages.
2. The zone's inventory control systems may be adjusted earlier in order to ensure adequate supply of material at the zone, but this shall not be deemed to be identification for Customs reporting purposes.

**D. NETTING**

1. If overages and shortages of merchandise have been identified and recorded in the zone inventory system, but it is later determined that the identification was erroneous, the Operator shall notify Customs that accurate zone inventory accounting necessitates netting pursuant to generally accepted accounting principles.
2. Concurrence of Customs shall be secured.

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**VIII. PROCEDURES FOR TRANSFER TO CUSTOMS TERRITORY**

**A. SHIPMENT OF DOMESTIC STATUS MERCHANDISE**

1. The Operator or its Custom House Broker prepares an FTZ 15 worksheet detailing the domestic merchandise to be shipped from the zone.
2. The Operator or its Custom House Broker determines that a sufficient quantity of such merchandise is available. The Operator checks for accuracy of the document.

The FTZ 15 is entered into the Zone Inventory System utilizing the worksheet. The FTZ 15 is signed by the Operator and/or the Customs House Broker.

The signed FTZ 15 is distributed as follows:

- Three (3) copies are retained by Operator
  - Original maintained in FTZ 15 File
  - One (1) copy to appropriate Control File
  - One (1) copy to U.S. Customs (If requested by U.S. Customs)
- Two (2) copies are distributed to the Customs House Broker.

3. The Operator or its Customs House Broker shall prepare a FTZ 20/Tally Out worksheet indicating shipment of merchandise from Zone. The Operator checks for accuracy of the document.

The FTZ 20 is entered into the Zone Inventory System utilizing the worksheet. The FTZ 20 is signed by the Operator and/or the Customs House Broker.

The signed FTZ 20 is distributed as follows:

- Three (3) copies are retained by Operator
  - Original maintained in FTZ 20 File
  - One (1) copy to appropriate Control File
- One (1) copy to U.S. Customs
- Two (2) copies are distributed to the Customs House Broker.

4. Domestic status merchandise shall be deemed transferred from the zone when it is recorded in the inventory control and record keeping systems as having been transferred, and/or physically removed from the zone.

**B. SHIPMENTS OF ZONE RESTRICTED STATUS MERCHANDISE**

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1. Merchandise in Zone Restricted Status may not be transferred to Customs territory without the specific approval of the Foreign-Trade Zones Board.
2. If so approved, the entry procedures will be followed. Customs must note on the entry documentation the authority under which transfer is authorized and that the merchandise is subject to the provisions of Schedule 8, Part 1, HTSUS.

**C. SHIPMENTS CONTAINING FOREIGN (NPF OR PF) STATUS MERCHANDISE**

1. An FTZ 15/Forecast worksheet is prepared detailing the quantity, weight and value of the merchandise to be shipped from the zone. The Operator or its Custom House Broker determines that sufficient quantity of the merchandise is available for shipment. The Operator checks for accuracy of the document.

The FTZ 15 is entered into the Zone Inventory System utilizing the worksheet. The FTZ 15 is signed by the Operator, and/or the Custom House Broker.

The signed FTZ 15 is distributed as follows:

- Three (3) copies are retained by Operator
  - Original maintained in FTZ 15 File
  - One (1) copy to appropriate Control File
  - One (1) copy to U.S. Customs

Two (2) copies are distributed to the Custom House Broker.

2. The Operator or its Custom House Broker prepares a CF 3461 in five (5) copies and/or CF 7501 in eight (8) copies with supporting entry documentation and invoices based upon the information in the FTZ 15. Customs may waive presentation of supporting documentation and invoices if satisfied that presentation would be impractical and the Operator maintains the documents in its records for later examination by Customs.
3. The U.S. Customs Service reviews documents and determines eligibility of the merchandise for zone transfer, signs the forms and forwards them to the Operator. The Operator may then release the merchandise to the carrier. Any discrepancy may be adjusted by a discrepancy report signed by the Operator or its Customs House Broker and the carrier or importer within 15 days after transfer of the merchandise, and delivered to Customs within 10 working days thereafter.
4. Entered merchandise awaiting removal will not be further manipulated or manufactured in the zone, but will be segregated or otherwise identified by the Operator as constructively transferred merchandise.

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5. The Operator its Custom House Broker shall prepare a FTZ 20/Tally Out worksheet indicating shipment of merchandise from Zone. The Operator checks for accuracy of the document.

The FTZ 20 is entered into the Zone Inventory System utilizing the worksheet. The FTZ 20 is signed by the Operator and/or the Custom House Broker.

The signed FTZ 20 is distributed as follows:

- Three (3) copies are retained by Operator
  - Original maintained in FTZ 20 File
  - One (1) copy to appropriate Control File
  - One (1) copy to U.S. Customs
- Two (2) copies are distributed to the Custom House Broker.

6. All duties and taxes are due with the filing of the entry summary (CF 7501) within 10 working days after release of the merchandise on a CF 3461.
7. If the declared value of merchandise is predicated on estimates or estimated costs, the person making entry must provide a clear written statement to that effect when the CF 3461 or CF 7501 is filed.

**D. RETURN OF MERCHANDISE**

1. When an entry of any kind has been filed for merchandise in the zone, but the merchandise has not been physically removed within the 5-day time limit (or any extension thereof), the merchandise shall be considered constructively transferred back to the zone in its previous zone status and the entry shall be canceled, except as noted in (2) below.
2. When an entry of any kind has been filed for merchandise in the zone, but the merchandise has not been physically removed within the 5-day time limit (or any extension thereof), due to need to rework or repair the merchandise, it will be recorded in the Transfer Suspense Account. The merchandise need not be physically segregated. When the rework or repair is completed, the Transfer Suspense Account will be relieved accordingly. The Transfer Suspense Account will be completely documented to explain what has occurred.
3. When an entry of any kind has been filed for merchandise in the zone and the merchandise has been physically removed, but is returned to the zone or placed in another zone – extreme Caution Must Be Taken.

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- a. If Customs determines that the merchandise has not "entered the commerce of the United States", the original entry may be canceled and the merchandise considered constructively transferred back to the zone in its previous zone status.
- b. A determination whether merchandise has "entered the commerce of the United States" shall be made by the District Director on a case by case basis considering factors such as the following:
  - 1) length of time merchandise was outside the zone before its return to a zone;
  - 2) whether return of the merchandise was made by the importer of record or his agent, or by a person acting in collusion with the importer of record;
  - 3) credible evidence that there was intent by the importer or others, at the time of entry, to return the merchandise to the zone;
  - 4) the merchandise would avoid a higher rate of duty or an import restriction by being admitted in domestic status;
  - 5) the merchandise was not used nor was not the subject of a bona fide sale by the importer after entry;
  - 6) the merchandise was not further processed or manufactured outside the zone or such processing or manufacture was minimal or cosmetic in nature.
- c. Administrative rulings on whether merchandise has or has not entered U.S. commerce should be obtained as specified in Part 177, Customs Regulations.
- d. Examples of what Customs considered to be merchandise that has not "entered U.S. Commerce" are:
  - 1) Merchandise is entered for consumption at a duty rate of 5 percent. After entry the merchandise is retained in the zone, or it is removed but shortly thereafter returned to the same or a different zone in domestic status. Then it is further manufactured into a product whose rate of duty is 25 percent. However, the merchandise is no longer subject to duty since it is now in domestic status.
  - 2) A firm produces pharmaceutical products in a zone. During an intermediate stage of processing the merchandise is in a condition



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subject to a free rate of duty, while the final rate of duty would be 15 percent. The intermediate stage is transitory, lasting not more than an hour. During this period, the firm files an entry at the free rate of duty. The intermediate stage merchandise is left in the zone for continuous processing, or is piped in a loop that runs into Customs territory and immediately back into the zone, whereupon the firm requests re-admission in domestic status.

**IX. PROCEDURES FOR EXPORT**

**A. SHIPMENT OF DOMESTIC STATUS MERCHANDISE**

1. The Operator or its Customs House Broker prepares an FTZ 15 worksheet detailing domestic merchandise to be shipped from the zone.
2. The Operator or its Customs House Broker determines that a sufficient quantity of such MERCHANDISE is available. The Operator checks for accuracy of the document. The FTZ 15 is entered into the Zone Inventory System utilizing the worksheet. The FTZ 15 is signed by the Operator and/or the Customs House Broker.

The signed FTZ 15 is distributed as follows:

- Three (3) copies are retained by Operator
  - Original maintained in FTZ 15 File
  - One (1) copy to appropriate Control File
  - One (1) copy to U.S. Customs (If requested by U.S. Customs)
- Two (2) copies are distributed to the Custom House Broker.

3. The Operator or its Custom House Broker shall prepare a FTZ 20/Tally Out worksheet indicating shipment of merchandise from Zone. The Operator checks for accuracy of the document.

The FTZ 20 is entered into the Zone Inventory System utilizing the worksheet. The FTZ 20 is signed by the Operator, and/or the Custom House Broker.

The signed FTZ 20 is distributed as follows:

- Three (3) copies are retained by Operator
  - Original maintained in FTZ 20 File
  - One (1) copy to appropriate Control File
  - One (1) copy to U.S. Customs (If requested by U.S. Customs)
- Two (2) copies are distributed to the Custom House Broker.

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4. Domestic status merchandise shall be deemed transferred from the zone when it is recorded in the inventory control and record keeping systems as having been transferred, and/or physically removed from the zone.

**B. SHIPMENT CONTAINING FOREIGN STATUS MERCHANDISE (NPF, PF, ZR)**

1. An FTZ 15 worksheet is prepared detailing the merchandise to be shipped from the zone. The Operator or its Custom House Broker determines that sufficient quantity of the merchandise is physically available for shipment.

The FTZ 15 is entered into the Zone Inventory System utilizing the worksheet. The FTZ 15 is signed by the Operator, and/or the Custom House Broker.

The signed FTZ 15 is distributed as follows:

- Three (3) copies are retained by Operator
  - Original maintained in FTZ 15 File
  - One (1) copy to appropriate Control File
  - One (1) copy to U.S. Customs
- Two (2) copies are distributed to the Custom House Broker.

2. An Export Declaration (Commerce Form 7525-V or Alt.) in five (5) copies and CF 7512 and CF 7512-C in seven (7) copies will be prepared by the Operator or its Custom House Broker for all export shipments based upon the information in the FTZ 15. The forms shall indicate that the merchandise is FTZ merchandise, and show the zone number and zone status of the merchandise. If the zone is located at the port of export, a CF 6043 will be used instead of the CF 7512 and CF 7512-C.
3. Customs may authorize the Operator to affix Customs seals for bonded export shipments.
4. Documents are presented to Customs along with an Export bond on CF 301 for appropriate review and signature prior to the release of the merchandise from the zone.
5. Customs reviews each application for proper format and determines eligibility of the merchandise for Zone transfer, and forwards two (2) signed copies of the CF 7512 and CF7512-C to the Operator or its Custom House Broker.

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6. Upon receipt of Customs approval, the merchandise will be turned over to the carrier and a receipt obtained. Any discrepancy may be adjusted by a discrepancy report signed by the Operator and the carrier or importer within 15 days after transfer of the merchandise, and delivered to Customs within 10 working days thereafter.
7. Merchandise must be physically removed from the zone within 5 working days of approval of the Entry. Customs may authorize an extension of the five day period under appropriate circumstances. Merchandise awaiting removal will not be further manipulated or manufactured in the zone but will be segregated or otherwise identified by the Operator as constructively transferred merchandise.
8. A copy of the CF 7512 and the original copy of the CF 7512-C will be received by Customs by the end of the next working day after the carrier has receipted for the merchandise.
9. The Operator or its Custom House Broker shall prepare a FTZ 20/Tally Out worksheet indicating shipment of merchandise from Zone. The Operator checks for accuracy of the document.

The FTZ 20 is entered into the Zone Inventory System utilizing the worksheet. The FTZ 20 is signed by the Operator, and/or the Custom House Broker.

The signed FTZ 20 is distributed as follows:

- Three (3) copies are retained by Operator
  - Original maintained in FTZ 20 File
  - One (1) copy to appropriate Control File
  - One (1) copy to U.S. Customs
- Two (2) copies are distributed to the Custom House Broker.

**X. F.T.Z. SHIPMENT PROCEDURES FOR ZONE RESTRICTED MERCHANDISE FOR ENTRY INTO THE U. S. CUSTOMS TERRITORY**

- A. Zone Restricted merchandise may only be entered into the U. S. Customs Territory upon application to and approval from the Foreign-Trade Zones Board and subsequent endorsement by the District Director of Customs. Normally, Zone Restricted merchandise is received in a Foreign-Trade Zone only for purposes of exportation, destruction, or transfer to another zone.

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- B. If entry into the Customs Territory of the United States is approved, then the procedure is identical to that for Non-Privileged Foreign Merchandise.
- C. Entry of valuable waste from destroyed merchandise that was in Zone Restricted status may be made as approved by the Foreign-Trade Zones Board. (Foreign-Trade Zones Board Order No. 158, June 4, 1980.)

**XI. PROCEDURES FOR ZONE TO ZONE TRANSFERS**

**A. TRANSFERRING ZONE**

- 1. An FTZ 15 worksheet is prepared detailing the merchandise to be shipped from the zone. The Operator or its Custom House Broker determines that a sufficient quantity of the merchandise is available. The Operator checks for accuracy of the document.

The FTZ 15 is entered into the Zone Inventory System utilizing the worksheet. The FTZ 15 is signed by the Operator, and/or the Custom House Broker.

The signed FTZ 15 is distributed as follows:

- Three (3) copies are retained by Operator
  - Original maintained in FTZ 15 File
  - One (1) copy to appropriate Control File
  - One (1) copy to U.S. Customs
- Two (2) copies are distributed to the Custom House Broker.

- 2. The Operator or its Custom House Broker prepares a CF 7512 and CF 7512-C in seven (7) copies. All copies of the CF 7512 will bear the notation, "Transfer of Merchandise from FTZ # \_\_\_ to FTZ # \_\_\_", in item 28. A transfer of merchandise between zone sites at the same port and having the same Operator may be made on a CF 6043 or other local control system acceptable to Customs.
- 3. The U.S. Customs Service reviews the documents and determines eligibility of the merchandise for zone transfer.
- 4. All transfers must be made via a bonded carrier or cartman. The Operator may be authorized to affix Customs seals and shall obtain the carrier/cartman's receipt on the CF 7512.

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5. Upon receipt of Customs approval, the merchandise will be turned over to the carrier and a receipt obtained. Any discrepancy may be adjusted by a discrepancy report signed by the Operator and the carrier or importer within 15 days after transfer of the merchandise, and delivered to Customs within 10 working days thereafter.
6. Merchandise must be physically removed from the zone within 5 working days of approval of the Entry. Customs may authorize an extension of the five (5) day period under appropriate circumstances. Merchandise awaiting removal will not be further manipulated or manufactured in the zone, but will be segregated or otherwise identified by the Operator as constructively transferred merchandise.
7. A copy of the CF 7512 and the original copy of the CF 7512-C must be received by Customs by the end of the next working day after the carrier has receipted for the merchandise.
8. The Operator or its Custom House Broker shall prepare a FTZ 20/Tally Out worksheet indicating shipment of merchandise from Zone. The Operator checks for accuracy of the document. The FTZ 20 is entered into the Zone Inventory System utilizing the worksheet. The FTZ 20 is signed by the Operator, and/or the  
Custom House Broker. The signed FTZ 20 is distributed as follows:
  - Three (3) copies are retained by Operator
    - Original maintained in FTZ 20 File
    - One (1) copy to appropriate Control File
    - One (1) copy to U.S. Customs
  - Two (2) copies are distributed to the Custom House Broker.
9. The Operator shall transmit historical data on the merchandise to the destination zone within 10 working days after delivery of the merchandise to the bonded carrier/cartman. The data shall reference the CF 7512 number covering the merchandise and include:

UIN Inventory Control:

- a. Provide the following:
  1. Copy of original CF 214 with accompanying invoices for admission of the merchandise and all components thereof.
  2. Copy of any CF 214 subsequently filed to change zone status.
  3. Copy of any CF 216 to manipulate or manufacture the merchandise.
- b. Provide a Statement which includes:

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1. Total Zone Value (if required by Customs)
  2. Dutiable Value
  3. Quantity
  4. Description
  5. HSUSA
  6. UIN
  7. Zone Status of all merchandise and components thereof
  8. Whether merchandise has been manipulated or manufactured to effect a change in tariff classification
10. Certification stating that "the information contained herein is true, and accurately reflects the information contained in the zone inventory control and record keeping systems", and signed by the Operator.

**B. DESTINATION ZONE**

1. Normal admission procedures will be followed as set out in Section III, except that no invoice or Customs examination will be required.
2. On receipt of the historical data from the transferring zone, the information will be included in the proper control number file and used to update the Zone Inventory System.

**XII. PROCEDURES FOR TRANSFER TO BONDED WAREHOUSE**

Non-privileged foreign status (NPF) merchandise may be transferred to a bonded warehouse (O.R.R. 76-0067); Privileged foreign status (PF) merchandise may not be transferred to a bonded warehouse (C.S.D. 81-8); Zone Restricted Status (ZR) merchandise may be transferred to a bonded warehouse for export only (T.D. 83-139); Merchandise in a bonded warehouse may not be transferred to a foreign-trade zone, other than in Zone Restricted (ZR) status (C.S.D. 79-204; C.S.D. 81-88).

- A. An FTZ 15 worksheet is prepared detailing the merchandise to be shipped from the zone. The Operator and/or its Custom House Broker determines that a sufficient quantity of the merchandise is available for shipment. The Operator checks for accuracy of the document.

The FTZ 15 is entered into the Zone Inventory System utilizing the worksheet. The FTZ 15 is signed by the Operator, and/or the Custom House Broker. The signed FTZ 15 is distributed as follows:

Three (3) copies are retained by Operator

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Original maintained in FTZ 15 File  
One (1) copy to appropriate Control File  
One (1) copy to U. S. Customs  
Two (2) copies are distributed to the Custom House Broker

- B. The Operator or its Customs house Broker prepares a CF 7512 and CF 7512-C in seven (7) copies. All copies of the CF 7512 will bear the notation "Transfer of Merchandise from FTZ # \_\_\_ to BW # \_\_\_", in item 28. Since merchandise can remain in a bonded warehouse for not more than 5 years from the date of importation (i.e., date of original unloading at first port of arrival in U.S.), preparer should also notate on the CF 7512, the date of original arrival/unloading in the United States of the merchandise. In many instances this information will not be available or will not be necessary for Customs, but arrangements will be made in advance with Customs on this issue.
- C. The U.S. Customs Service reviews documents and determines eligibility of the merchandise for zone transfer.
- D. All transfers must be made via a bonded carrier or cartman. The Operator may be authorized to affix Customs seals, if required, and obtain the carrier/ cartman's receipt on the CF 7512.
- E. Upon receipt of Customs approval, the merchandise will be turned over to the Operator or carrier. Any discrepancy may be adjusted by a discrepancy report signed by the Operator or its Custom House Broker and the carrier or importer within 15 days after transfer of the merchandise, and delivered to Customs within 10 working days thereafter.
- F. Merchandise must be physically removed from the zone within five (5) working days of approval of the entry. Merchandise awaiting removal will not be further manipulated or manufactured in the zone, but will be segregated or otherwise identified by the Operator as constructively transferred merchandise.
- G. A copy of the CF 7512 and the original copy of the CF 7512-C will be forwarded to Customs.
- H. The Operator or its Custom House Broker shall prepare a FTZ 20/Tally Out indicating shipment of merchandise from Zone. The Operator checks for accuracy of the document. The FTZ 20 is entered into the Zone Inventory System utilizing the

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worksheet. The FTZ 20 is signed by the Operator, and/or the Custom House Broker.

The signed FTZ 20 is distributed as follows:

- Three (3) copies are retained by Operator
  - Original maintained in FTZ 20 File
  - One (1) copy to appropriate Control File
  - One (1) copy to U.S. Customs
- Two (2) copies are distributed to the Custom House Broker.

- I. The Operator or its Custom House Broker, or the bonded warehouse proprietor shall prepare and submit a CF 7501, Warehouse Entry to the U.S. Customs Service. The Entry shall contain all data and documentation required by Customs for admission of the merchandise to the bonded warehouse.

**XIII. PROCEDURES FOR CALCULATION AND PAYMENT OF HARBOR MAINTENANCE FEE (HMF)**

The Applicant for admission of product to the Operator's Foreign Trade Zone Site will be responsible for the calculation and payment of HMF on all applicable cargo loaded or unloaded from a commercial vessel at ports listed in 19 CFR 24.24(b)(1). The fee is calculated by taking .125 percent of the value of shipments received in any one quarter as reflected on the related CHF 214(s). HMF is paid quarterly and due no later than 31 days after the close of the quarterly period ending on the last day of March, June, September and December. At the end of each quarter the Zone user will complete and submit to CBP a CF-349 Quarterly Summary Report with payment attached and mail same to Customs and Border Protection, P.O. Box 70915, Chicago, IL 60673-0915. Each Zone user shall maintain, for five years from the date of the fee calculation, all documentation necessary for CBP to verify the accuracy of fee computations and to determine compliance under the law. The user shall advise the National Finance Center (NFC) of the name of an employee who can verify the records that support the fee calculation, along with their address, telephone number and the company's EIN number.

**XIV. PROCEDURES FOR ANNUAL RECONCILIATION**

- A. The Operator will conduct an annual physical inventory of all merchandise in the zone unless Monthly Cycle Counts are taken as part of an ongoing inventory control program.



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Customs will be given prior notification of the date(s) when the annual physical inventory will be performed so that Customs may participate if deemed necessary. Discrepancies will be reported per the Customs Regulations and this Zone Schedule.

- B. Within ninety (90) days of the end of the zone year, the Operator will prepare an Annual Reconciliation. An extension of the 90-day period can be obtained from Customs for reasonable cause.

The Annual Reconciliation shall contain the following:

1. Description of merchandise for each ZCN/UIIN;
  2. Zone Status;
  3. Quantity on hand at the beginning of the year;
  4. Cumulative Receipts (admissions) by unit;
  5. Cumulative transfers by unit;
  6. Quantity on hand at the end of the year;
  7. Cumulative positive and negative adjustments by unit to inventory with explanation.
- C. The Operator shall also perform an Annual Internal Review of the inventory control and record keeping systems under its supervision and shall report to the District Director of Customs any deficiency discovered and corrective action taken to ensure that the systems meet the requirements of the Customs Regulations. Any such deficiencies with corrective action should be reported in the Annual letter to the district director as required by Subparagraph D.
- D. The Operator shall submit to the District Director within ten (10) working days thereafter, a letter declaring that the Annual Reconciliation has been prepared, is available for Customs review, and is accurate. The letter shall also contain any reporting of shortages and overages and a list of any system deficiencies with corrective action taken, the name and street address of the Operator, where the required records are available for Customs review, and the name, title and telephone number of the person having custody of the records.

**XV. FOREIGN-TRADE ZONES BOARD ANNUAL REPORT**

The Grantee and Operator are responsible for preparing an Annual Report and the Grantee is responsible for filing with the Foreign-Trade Zones Board an Annual Report summarizing all zone activity as of September 30 of each year. The Draft Report shall be submitted to the

# JO-CARROLL FOREIGN TRADE ZONE – FTZ 271

## Tariff

Revised October 1<sup>st</sup>, 2011

### Annual GPZ Zone User Fees:

0 - 5,000 sq. ft.	\$ 1.00 per sq. ft. 2000 sq. ft. minimum
	or
	\$ 0.25 per cu. ft. 8000 cub. ft. minimum
5,000 - 15,000 sq. ft.	\$ 5,000
15,000 – 30,000 sq. ft.	\$ 10,500
30,000 – 45,000 sq. ft.	\$ 15,000
45,000 – 75,000 sq. ft.	\$ 19,500
More than 75,000 sq. ft.	\$ 24,000

### Annual Sub- Zone User Fees:

Approved but not Activated:	\$ 6,000
Activated:	
5,000 - 15,000 sq. ft.	\$ 5,000
15,000 – 30,000 sq. ft.	\$ 10,500
30,000 – 45,000 sq. ft.	\$ 15,000
45,000 – 75,000 sq. ft.	\$ 19,500
More than 75,000 sq. ft.	\$ 24,000

### Application Fees:

Minor Boundary Modification (per site)	\$ 5,000
Manufacturing Application	\$ 5,000
Sub-zone Application	\$ 10,000
Major Zone Expansion (per site)	\$ 15,000

Operated by Illinois International Trade Centers  
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