

REGULATIONS 88, SECTION 319.35 : Geographical scope of tax.  
(Also Federal Firearms Act, Sections 2(a) and

Rev. Rul. 54-389

ss3(a) ; Section 315.40, Regulations 131.)ss

The removal of firearms from a foreign trade zone for any purpose other than for reshipment to a place not within the jurisdiction of the United States constitutes importation of such firearms as of the time they were originally brought within the limits of the United States.

Advice is requested whether firearms may be transferred from a foreign trade zone to customs bond for subsequent exportation without incurring liability to the transfer tax on such firearms. Advice is also requested whether the transfer of firearms from a foreign trade zone, through customs, to a sales office within the United States, as samples for demonstration purposes to prospective foreign purchasers, would constitute "importation" within the intent of the applicable provisions of the Internal Revenue Code and of the Federal Firearms Act.

A firearms company maintains stocks of automatic weapons within a foreign trade zone. It is desired to remove such firearms from the foreign trade zone to customs bond for subsequent sale to purchasers outside the limits of the United States. The company also desires to remove certain complete individual specimens of such weapons to its sales office in the United States as samples for demonstration purposes to prospective foreign purchasers. Neither the weapons in customs bond nor those withdrawn as samples would be offered for sale domestically.

Firearms in storage in a foreign trade zone are not considered to have been imported, notwithstanding the fact that they were brought within the limits of the United States from a place outside thereof, with intent to unlade. However, if such firearms are removed from the foreign trade zone, except for reshipment to a place not within the jurisdiction of the United States, such transaction constitutes an importation as of the time such firearms were originally brought within the limits of the United States. The fact that firearms would remain in customs bond until a foreign market is developed and then exported has no bearing on the case. The statutory provisions governing the operations of foreign trade zones do not apply to any area other than a foreign trade zone designated as such.

Firearms may be removed from a foreign trade zone for purposes other than reshipment to a place not within the jurisdiction of the United States only pursuant to the applicable provisions of the Internal Revenue Code with respect to the importation of firearms and of the Federal Firearms Act. Any person removing firearms

from a foreign trade zone for any purpose other than such reshipment must qualify as an importer and must pay the special (occupational) tax and license fee as a manufacturer or importer of firearms.

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