

7 Ways Enterprises Can Save Money with Foreign-Trade Zones

Importers, manufacturers and distributors can realize significant savings by leveraging a foreign-trade zone (FTZ):

1

Relief from Inverted Tariffs

Inverted tariffs occur when a component or raw material is subject to a higher duty rate than the finished product. Leveraging a FTZ allows companies to pay the lower duty rate on the finished product.

2

Duty Exemption on Re-Exports

No customs duty is owed on foreign merchandise until it leaves the zone for domestic consumption. If the merchandise is exported from the zone no duty is ever paid.

3

Cash Flow (Duty Deferral)

Duty payments are deferred on merchandise brought into a zone. Duties are only paid when goods are entered into the domestic market.

4

Duty Elimination

An often overlooked FTZ benefit is duty elimination on waste, scrap and yield loss. Without a zone, you pay duties on all imported material. In a zone, only merchandise that subsequently enters the domestic market is dutiable.

5

Duty Deferral on Damaged or Non-Conforming Items

No duties are owed on defective or damaged merchandise while it is being tested, repaired or stored in an FTZ.

6

Weekly Entry Savings

Under Weekly Entry procedures, the zone user files only one Customs entry per week, rather than filing one per shipment. For high volume importers, Weekly Entry savings can be as high as duty savings.

7

Zone-to-Zone Transfers

A vendor located in one FTZ may sell goods to a company located in another zone. The vendor can transfer those goods to the purchasing company's FTZ with no duty paid.