

FOREIGN TRADE ZONE #182

SAVINGS WITH ...

Duty Deferral. Customs duties are paid **only** when imported merchandise is shipped into US Customs territory. Merchandise can be held indefinitely within an FTZ without customs duty.

Simplification of Procedures. Delivery times are reduced by direct shipment to an FTZ. Duty drawback procedures are eliminated. Delays in customs clearances are a thing of the past.

Accounting Systems. Specific identification of merchandise is unnecessary within an FTZ. FIFO or FOFI inventory accounting methods have been approved by US Customs for Zone operations.

Exports. Customs duties are not paid on merchandise exported from an FTZ, saving your customers money and making your product more competitive.

Consumed Merchandise. Merchandise consumed in processing within an FTZ is generally not subject to US Customs duties.

Quality Control. Use of an FTZ for quality control inspections means only those products meeting specifications are imported. Substandard goods can be destroyed before payment of duty.

Inventory Control. Increased accountability on receipts, processing and

shipment of merchandise required by FTZ's reduces problems with inventory, waste, scrap, etc.

Inventory Tax Exemption. Federal statute allows tangible personal property imported into an FTZ from outside the US to be exempted from state and local ad-valorem taxes. They also exempt personal property produced in the US, and held in an FTZ for export, from state and local ad-valorem taxes.

Security. Increased security procedures and supervision by US Customs saves FTZ users security and insurance expenses.

Cargo Insurance Savings. FTZ users have been able to negotiate up to a 40% reduction in cargo insurance rates by shipping imported goods directly to an FTZ. Potential pilferage at deep water ports and major international airports is avoided due to the FTZ's security.

Reduction on Insurance Costs. The insurable value of merchandise held in an FTZ need not include the customs duty payable on the product, reducing insurance costs.

US Quotas. Most merchandise can be held within an FTZ, even if it would otherwise be subject to US quotas. Upon the opening of quotas, the product can immediately be shipped into US Customs territory.

Exhibits and Displays. Companies can use FTZ's as display areas for merchandise and machinery without payment of Customs duties.

Transfer of Title. Title to merchandise may be transferred in an FTZ if there is no "retail" sale. The global supplier can own

the product until it is shipped, just-in-time, to local manufacturers.

International Returns. Merchandise exported, then returned to an FTZ is not subject to customs duties upon return. The merchandise can be repaired and re-exported without duty payment.

Spare Parts. Spare parts that are not needed can be returned to the foreign vendor free of duty - or destroyed. This also avoids customs duties.

Reduced Duties on Defective Goods. Customs duties are significantly reduced or eliminated on merchandise that is defective, damaged, obsolescent, waste, or scrap.

Reduced Marking and Labeling Costs. Country-of-origin labels are not required on merchandise admitted to an FTZ. This complicated procedure and its up-front expense can be saved. If labels are needed, they can be applied within the FTZ.

Zone-to-Zone Transfer. Merchandise can be transferred from one FTZ to another. If the transfer is done "in bond", customs duties are not owed until the product is finally shipped into the US.

Inverted Customs Duty Savings. Users of an FTZ can pay either the duty rate of component materials - or the duty rate of merchandise produced from the component materials - whichever is the lower.

No Duties on Labor, Overhead, or Profit. If you elect to manufacture or assemble within an FTZ, customs duties on labor, overhead and profit attributable to that production are eliminated.

IT'S YOUR DUTY

As grantee for Foreign Trade Zone #182, the City of Fort Wayne is responsible for all Foreign Trade Zone (FTZ) activities. Four separate sites have been designated for the FTZ: one of the sites, at Commercial Warehouse and Cartage has been activated already.

Globally active businesses with large foreign trade transactions may wish to discuss the creation of a foreign trade zone site for their project. Zone applications from companies within a 50 mile radius of the Fort Wayne International Airport fall within jurisdiction of the Fort Wayne FTZ. Generally, if tax, duty, and tariff savings will exceed \$40,000 annually, establishment of a Foreign-Trade Zone may be beneficial for your business.

A **Special-purpose Subzone** could be also established as part of a zone project for a limited purpose that cannot be accommodated within an existing zone, such as manufacturing or assembly.

**FOR MORE INFORMATION:
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COMMUNITY DEVELOPMENT DIVISION



CITY OF FORT WAYNE

6/05/06