

THE FACTS ABOUT FTZ



WHAT IS FTZ?

FTZ or **Foreign Trade Zone** is the term used for a designated site at which special customs procedures may be used. These procedures allow domestic activity involving foreign items to take place prior to formal customs entry. Duty-free treatment is accorded to items that are re-exported and duty payment is deferred on items sold in the U.S. market.

HOW CAN FTZ HELP YOUR BUSINESS?

Foreign Trade Zones make North American Traders more competitive.

Businesses are utilizing Foreign Trade Zones to better manage their global supply chain costs. Increasingly, many companies are looking at FTZ's as a competitive alternative to a domestic distribution center. In addition to the advantages of duty-deferral and duty avoidance on their imports, they have the ability to perform kitting and distribution operations within the FTZ without paying duty on the labor. Location to key markets in North America within a days' drive is also prime consideration to the selection of your FTZ. In many cases, importers have selected Speed Global Services in Buffalo, New York for these reasons.

THE KEY BENEFITS OF A FTZ ARE:

DUTY DEFERRAL

Realize improved cash flow as Customs duties are only paid when imported merchandise is entered into the U.S. Customs territory. Goods may be held indefinitely in a FTZ without Customs duty payment.

DUTY AVOIDANCE

There are no duties paid on merchandise exported from a FTZ, transferred to another zone or destroyed. This eliminates the need to manage costly and time-consuming Duty Drawback programs.

DUTY INVERSION

Elect to pay the duty rate applicable to either the component materials or the finished goods produced from raw materials, depending on which is lower.

INVENTORY TAX INCENTIVES

Companies that hold goods in a FTZ are allowed exemption from inventory taxes. Also, certain tangible personal property is generally exempt from state and local ad valorem taxes.

STRATEGIC LOCATION

Buffalo, NY is strategically located to major markets in Canada and the USA. Your product will reach most cities within a 500-mile radius overnight at minimal freight costs.

NON-DUTIABLE LABOR, OVERHEAD & PROFIT

There are no duties applicable on labor, overhead or profit to operations performed within a FTZ.

WEEKLY ENTRY

Customs allows for a weekly entry processing - Merchandise Processing Fees capped at \$485 on a weekly basis versus a per shipment basis.

ENHANCED SECURITY/COMPLIANCE

By using an FTZ, the "internal controls" requirements of section 404 of the Sarbanes-Oxley Act are met and participants in the C-TPAT program are eligible for additional benefits provided by Customs.

FTZ ADVANTAGES vs. BONDED WAREHOUSE

ABOUT SPEED GLOBAL SERVICES' FTZ:

- Modern Inventory Control Systems: real-time online inventory & tracking
- Clean, dry, temperature controlled environment
- Food grade warehouse space
- Open 7 days a week/24 hours a day
- Fully secured: C-TPAT certified with electronic & video surveillance
- HazMat Certified, bonded warehousing

As companies take advantage of the benefits and cost efficiencies of a FTZ to improve their global supply chain, they improve their market competitiveness and help their businesses to grow.

CUT COSTS AND RISKS, IMPROVE REVENUE!

CALL US TODAY
TO FIND OUT HOW.

1.800.447.3033

OR VISIT

WWW.SPEEDGS.COM



FUNCTION	BONDED WAREHOUSE	FOREIGN TRADE ZONE
Customs Entry	A bonded warehouse is within US Customs territory; therefore, a Customs entry must be filed to enter goods into the warehouse.	A Zone is not considered within Customs territory. Customs entry is not required until removed from a Zone.
Permissible Cargo	Only foreign merchandise may be placed in a bonded warehouse.	All merchandise, whether domestic or foreign, may be placed in a Zone.
Customs Bond	Each entry must be covered by either a single entry bond or continuous bond.	No bond is required for merchandise in a Zone.
Payment of Duty	Duties are due prior to release from bonded warehouse.	Duties are due only upon entry into US territory.
Weekly Entry Savings	One Customs entry per shipment.	One Customs entry per week.
Appraisal and Classification	Occurs immediately.	Tariff rate and value may be determined either at the time of admission into a Zone or when goods leave a Zone, at user discretion.
Storage Periods	Not to exceed 5 years.	Unlimited.
Operations on Merchandise destined for domestic consumption	Only cleaning, repackaging, and sorting may take place and under Customs supervision.	Sort, destroy, clean, grade, mix with foreign or domestic goods, label, assemble, manufacture, exhibit, sell, and repack.
Customs Entry Regulations	Apply fully.	Only applicable on goods actually removed from a Zone for US consumption.
Jurisdiction of other Federal Agencies	Applies to all foreign merchandise.	Application of Federal regulations depends on products and agency involved.