

FOREIGN TRADE ZONE

The Foreign-Trade Zones Board of the U.S. Department of Commerce has approved The International Gem Tower as a Foreign Trade Zone (FTZ).

Generally, this designation will provide the opportunity for Unit Owners who activate within the FTZ to import foreign merchandise without Customs entry or the payment of U.S. duties until the goods are removed from the zone for sale in the U.S.

A PRIMER ON FTZs

- The FTZ program was created through federal legislation in 1934.
- To access the program's benefits, companies must be located within a designated FTZ.
- There is no on-site Customs presence in an FTZ, although the facility is subject to annual spot checks
- FTZ users are not audited more frequently than importers at large.
- FTZ users are not required to have a greater overall reporting accuracy
- There are over 200 approved general-purpose Foreign Trade Zones and over 400 approved subzones in the United States.

ACTIVITIES PERMITTED IN FTZs

- Merchandise may be assembled, exhibited, cleaned, manipulated, manufactured, mixed, processed, relabeled, repackaged, repaired, salvaged, sampled, stored, tested, displayed and/or destroyed.

FTZ BENEFITS

- **Duty Deferral** – Imported products admitted to the FTZ are not entered into the Customs territory until their withdrawal from the FTZ. Therefore, users obtain a cash flow savings by deferring Customs duties until the merchandise leaves the FTZ for consumption in the U.S.
- **Duty Elimination** – Imported products admitted to the FTZ and subsequently destroyed in the FTZ or exported from the FTZ are not subject to Customs duties.
- **Duty Reduction** – Imported products can be placed in a special status that allows the merchandise to be classified and appraised in its condition as withdrawn from the FTZ. This means that an imported component with a higher rate of duty can be classified and appraised in its finished product form, with a potentially lower rate of duty.
- **Zone-to-Zone Transfer** – If the company utilizes more than one FTZ, merchandise may be transferred from zone to zone in order to extend the deferral benefits.
- **Direct Delivery and Weekly Entry/Export Users** may obtain permission from Customs to move merchandise directly from the port of arrival to the FTZ avoiding delays at congested ports and minimizing exams. On the outgoing side, users may obtain permission to ship unrestricted weekly (24 hours per day, 7 days per week) based on an estimate approved by Customs before the start of the business week.

To better understand how operating in an FTZ might benefit your business, please inquire about the opportunity for a cost-free, customized FTZ feasibility analysis.