

Sam Dunn Enterprises, Inc

A Total Logistics Service Company

WHAT IS A FOREIGN TRADE ZONE?

In 1934 the US Congress passed the Foreign Trade-Zones Act to encourage foreign commerce and growth. This Act was amended in 1950 to encompass manufacturing and distribution in zones, which greatly stimulated international trade and created jobs and investment in the United States.

A FTZ is a restricted-access site, in or adjacent to a US Customs Port of Entry, that is treated by Customs (for purposes of the tariff laws and Customs entry procedures) as being outside the Customs Territory of the United States. Under FTZ procedures, foreign and domestic merchandise may be admitted into the FTZ's for operations such as storage, exhibition, assembly, manufacture and/or processing – without being subject to formal Customs entry procedures, the payment of Customs duties or the payment of Federal excise taxes.

When merchandise is removed from a FTZ, Customs duties may be eliminated if the goods are then exported from the United States. If the merchandise is formally entered into US commerce, Customs duties and excise taxes are due at the time of transfer from the FTZ.

WHAT ACTIVITIES ARE ALLOWED IN A FOREIGN TRADE ZONE?

In an FTZ, merchandise is considered in international commerce where a business can:

<i>Assemble</i>	<i>Process</i>	<i>Sample</i>
<i>Store</i>	<i>Test</i>	<i>Inspect/Repackage</i>
<i>Repair</i>	<i>Manufacture</i>	<i>Salvage</i>
<i>Mix</i>	<i>Manipulate</i>	<i>Relabel</i>

CAN A FOREIGN TRADE ZONE BENEFIT YOUR COMPANY?

1. Does your Company import?
2. Would you realize a substantial cash flow benefit if you could spread payment of your Custom tariff duties out over time?
3. Do you maintain inventory on imported products?
4. Do you eventually export some of your imported products?
5. Do you process imported items into other products?
6. Do you have any repackaging or re-labeling of imported products?
7. Do you have any testing or repairing of goods previously exported?
8. Do you have a high percentage of defective, scrap, or obsolete imported material?
9. Do you distribute or manufacture goods that are subject to personal property inventory taxes?
10. Do you currently have a large number of Customs entries annually?
11. Are you currently experiencing delays at Ports of Entry?
12. Do you have entries that are subject to intensive exam?
13. Have you paid any penalties on imports in previous years?

If you answered “Yes” to 3 or more of these questions, a Foreign Trade Zone may benefit and potentially save your Company money.

For more information, please contact our office at 903-553-9370