

FOREIGN TRADE ZONE 151

Hancock, Hardin, Allen, Putnam, Van Wert, Seneca Counties

WHAT IS A FOREIGN TRADE ZONE?

A U.S. Foreign-Trade Zone (FTZ or zone) is a site within the United States that is legally considered outside of Customs territory for the purpose of duties, so goods may be brought into the site duty-free and without formal customs entry. Located strategically in Northwest Ohio, Foreign Trade Zone, (FTZ) 151 gives manufacturers and companies a huge advantage over their competition.

WHAT CAN OCCUR WITHIN A FOREIGN-TRADE ZONE?

Foreign and domestic merchandise permitted in a zone may be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign or domestic merchandise, otherwise manipulated, destroyed or be manufactured without being subject to U.S. Customs laws. This exemption does not apply to machinery and equipment that is imported for manufacturing use or the like within a zone.

BENEFITS

FTZs provide users with the opportunity to lower costs and boost profits through three duty savings benefits:

Reduce

In many cases duties are higher for parts than finished products. Therefore, many companies enter an FTZ in order to import parts duty-free, assemble a product and then only pay a duty on the final product.

Eliminate

Customs duties are never paid on goods that are brought into a zone and then re-exported or scrapped. No formal entry with Customs is filed and the goods never enter the U.S. stream of commerce.

Defer

Since FTZs are outside the Customs territory of the United States, goods are not considered to be imported until they leave the zone and enter the U.S. stream of commerce. This allows a company to defer Customs duties until merchandise leaves the zone instead of having substantial monies tied up in inventory Customs duties.

OTHER BENEFITS FOREIGN-TRADE ZONES PROVIDE

Weekly Entry

The Trade and Development Act of 2000 permits FTZ “Weekly Entry” procedures that can help zone users save time and money. Under Weekly Entry procedures, the zone user files only one Customs Entry per week rather than filing one Customs Entry per shipment. Customs no longer has to process an entry for each and every shipment imported into the zone and the user no longer pays for the processing of each and every entry.

Logistical Flexibility

Goods may be transferred from U.S. ports of arrival directly to a Foreign-Trade Zone or between zones duty free. Products made overseas may be brought into a zone for storage or consolidation with other products, allowing distribution of complete shipments to customers. This provides flexibility and can improve supply chain velocity.

Supply Chain Security

FTZs can help a company achieve “best practices” when it comes to supply chain security.

Lower Taxes

Goods in a Foreign-Trade Zone avoid or defer federal excise taxes.