

HOW TO GET INTO THE ZONE

FTZ Designation Process for New FTZ Operators and Expanding FTZ Customers

Importers can realize substantial time and financial savings via the Foreign Trade Zone (FTZ), a federal program designed to support American business and job growth.

How much will you save? We recommend contacting a qualified FTZ consultant for a cost-benefit analysis to find out at www.inzone.org/resources/service-providers. INzone, Central Indiana's FTZ Grantee Administrator, pays for your confidential analysis, up to \$2,500 for distribution and \$5,000 for manufacturing reports.

The cost-benefit analysis will help you make an informed decision about participation in the FTZ program. To designate your site, this is the process we follow:

1 Submit an FTZ Designation Request Letter

- a. Submit a formal letter requesting FTZ designation on company letterhead. The following should be included for justification of economic impact to the community:
 - A brief overview of your organization (what you do, why the FTZ program will benefit your business).
 - Site description, address and square footage to be designated.
 - Number of employees that are currently employed directly at the work site and how many new positions will be added, if any.
 - Square footage that you would like to designate (building, trailer yard, etc.).
 - Average annual payroll (rounded).

2 GIFTZ Board Review & Approval (Grantee Administrator for Central Indiana)

- a. Once received, the FTZ Request Letter is docketed for consideration by the Greater Indianapolis Foreign Trade Zone (GIFTZ) Board.
- b. The GIFTZ Board meets as necessary.

3 FTZ Operator Agreement

- a. Upon GIFTZ Board approval, an FTZ Operator Agreement must be reviewed, signed in blue ink and returned for public docketing and execution by the Grantee, The Indianapolis Airport Authority (IAA).
- b. Due to uniform treatment provisions under federal regulations, the majority of the language included in the FTZ Operator Agreement cannot be altered.
- c. You must also send an "Exhibit A" site map that includes the following:
 - Aerial map labeled "Exhibit A" that contains the company name and physical address.
 - The desired FTZ area must be outlined in red.
 - Labeled with square footage of the proposed FTZ designated space.

4 Indianapolis Airport Authority Board Review & Approval (Grantee for Central Indiana)

- a. The FTZ Designation Request Letter and signed FTZ Operator Agreement are docketed for consideration with the IAA Board, which meets on the third Friday of every month.
- b. For consideration, all requests must be received by the last business day of the month preceding the IAA Board meeting.
- c. The FTZ Operator Agreement will be executed and returned to you for recordkeeping.
- d. A Grantee Endorsement Letter will be issued to you, to be filed with your online FTZ application.

5 FTZ Board (Washington, D.C.) Application, Review and Approval

- a. Your FTZ consultant will submit the Grantee Endorsement Letter, proposed site map and FTZ application to the FTZ Board in Washington, D.C.
- b. The FTZ Board typically processes most FTZ requests within 30 days.
- c. Once an approval letter is issued, you and your consultant will complete the necessary steps to activate the site, including a letter from the local Customs & Border Protection (CBP) office approving activation of the site.



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NEED MORE **CONVINCING?**

A Few Benefits of Utilizing a Foreign Trade Zone (FTZ) at Your Facility:

- 1 Merchandise Processing Fees (MPF).** Fees paid for each imported shipment of merchandise. This fee is based on a percent (0.3464) of combined value of the imported merchandise (does not include insurance, duty rates, and freight charges). MPFs are a minimum of \$32.71 and a maximum of \$634.62 for shipments. The maximum MPF paid in an FTZ is \$634.62 per entry per week, regardless of how many shipping containers are processed during the week!
- 2 Direct Delivery.** Allows the import of materials or products directly to an FTZ without the shipment being held up for prior delivery approval by CBP.
- 3 Weekly Entry.** Allows FTZs to consolidate the number of entries filed, which can substantially reduce brokerage costs.
- 4 Duty Deferral.** Import taxes (duties) are deferred on inventory being admitted into an FTZ. The duty will be paid when inventory is ready to enter into the U.S. commerce as a product. This deferral of paying import taxes can give a company a large cash flow advantage.
- 5 Duty Reduction.** Lower your duty rate based on converting imported materials or products to a finished product while in an FTZ. This is very popular with sub-assembly and manufacturing operations.
- 6 Duty Elimination.** Never pay any duties! How? If your products are stored in an FTZ and they are converted to a product that has duty-free status or if the merchandise leaves the U.S.
- 7 Duty-Free Labor and Profit.** Labor, profit and overhead from operations within an FTZ are not subject to Customs duties.
- 8 Simplified Returns.** International returns processed through an FTZ do not require a duty payment. Why not eliminate the cost and headaches associated with Duty Drawback?
- 9 No Quotas.** Products that have quota restriction within the U.S. may be held in an FTZ without any restrictions until the quota is lifted.



Connecting Indiana to the World

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