



# Foreign-Trade Zone Services

Trade and Customs Services



With the unprecedented growth of punitive tariffs and the increased costs associated with cross-border transactions, the savings associated with a Foreign-Trade Zone (FTZs) may help reduce the landed cost of imported products, components, and materials, and streamline your company's supply chain, while simultaneously increasing your Company's cash flow.

FTZs may potentially increase the competitiveness of U.S. companies by deferring, reducing, or eliminating customs duties and fees on imported finished products and components which can also help increase cash flow. Additionally, FTZs may also help U.S. importers reduce the cost of maintaining inventory in the U.S., while addressing the operational flexibility needed in today's global supply chains.

FTZs are a multi-faceted programs that touch almost every part of a company's organization throughout implementation. The undertaking of establishing a FTZ program is sizeable and partnering with an experienced service provider like KPMG can help ensure a successful and effective program that aligns with your company's needs and goals.

## KPMG can help

KPMG Trade and Customs Services professionals have assisted companies of all industries and sizes in developing and implementing effective FTZ programs and we understand the unique complexity that each individual FTZ implementation presents. Our team has set up Zones with various CBP ports across the nation with importers covering several industries, and we

bring our full breadth of experience to each FTZ project to help navigate the complexities that you may encounter. Through our hands-on approach, we are dedicated to working side-by-side with importers to deliver bottom line results through a full range of FTZ-related services including:

- **FTZ cost benefit analysis:** Analyzing the full scope of potential benefits (including cash flow, inverted tariff, duty reduction and elimination, and any applicable ad valorem personal property tax exemptions) in conjunction with implementation, and systems and administration costs.
- **FTZ readiness assessments:** Conducting detailed operational readiness assessments for potential operators that focus on transitioning existing logistics, inventory control systems, and compliance operations to the FTZ environment.
- **FTZ implementation:** Assisting with all aspects of FTZ implementation, including but not limited to:
  - Preparing and filing applications (under the Traditional and Alternative Site Frameworks) with your local grantee and the U.S. Foreign-Trade Zones Board and shepherding the application review process

- Preparing and coordinating official U.S. Customs and Border Protection (CBP) “Requests for Activation”
  - Navigating complexities such as meeting requirements of participating government agencies (e.g. U.S. Food and Drug Administration, U.S. Environmental Protection Agency, etc.)
  - Managing compliance with First Sale for Export within a Zone environment, adjusting reported values on entries through the CBP Reconciliation prototype, using Free Trade Agreements, obtaining special zone privileges such as Direct Delivery, and determining which corporate entity may most effectively serve as the operator of a Zone
  - Helping clients to make the most of their technology investment, including navigating new requirements for automation set forth by CBP; and efficiently mapping the company’s ERP/WMS to the selected ICRS
  - Accompanying CBP during its security walk-through of the FTZ and working to address any security concerns CBP may have under recent guidelines on security requirements
  - Developing training on compliance for administrators, employees, and executive leadership
  - Assisting with CBP, FTZ Board, and other participating government agency requirements that play a part in the import process
  - Documenting operational processes and preparation of an FTZ ICRS procedures manual
- **FTZ managed services:** Administrating the daily, weekly, and periodic operational requirements via an ICRS while maintaining compliance and becoming a valued partner to your trade team.
  - **FTZ trade data monitoring:** Developing a customized dashboard allowing FTZ operators to monitor their FTZ performance by tracking key performance indicators, conduct checks on key areas of FTZ compliance through a “manage by exception” process, and track trends related to FTZ performance and savings.

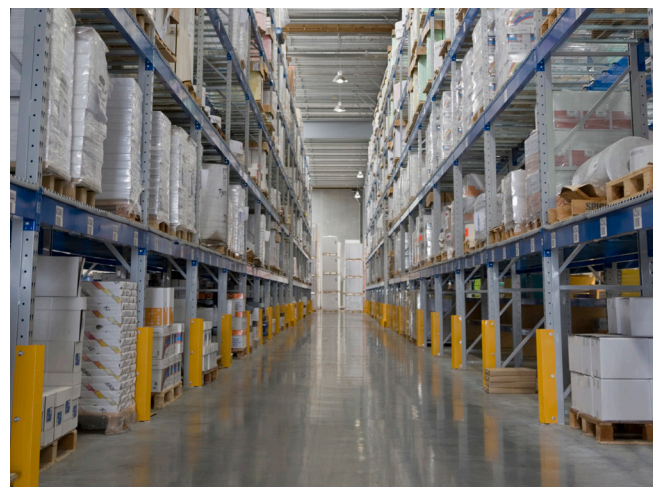
## KPMG Foreign Trade Zone managed services at a glance

### Why KPMG Foreign Trade Zone managed services?

- Experienced FTZ professionals providing the best customer experience via exceptional project management
- Continuous FTZ process improvement through commitment to quality
- Coordinated delivery through FTZ and trade data management
- Driving and accelerating the FTZ’s value through strategy and technology.
- Navigating the FTZ regulatory landscape and CBP enforcement, leveraging trade controversy experience
- Transparency and insight to daily FTZ activities via Control Tower (via the KPMG Digital Gateway)

### Why Now?

- Companies are constantly seeking ways to reduce supply chain disruption. Now more than ever, FTZs are playing a larger role to support diversified distribution, assembly and production in the U.S.
- C-level executives are rethinking how to manage their FTZs to minimize risk and expand savings.
- KPMG FTZ managed services serves as a lever for executives to address the shortage of skilled FTZ professionals and increased CBP FTZ regulatory complexity and enforcement.



- **FTZ help desk support:** Providing “go-live” assistance to new operators to facilitate the transition to the FTZ environment and ongoing support to your administration team on an as-needed basis.
- **FTZ health checks:** A focused opportunity review of current Zone operations to identify areas for improvement, risks to compliance and pinpoint additional savings opportunities.
- **FTZ audits:** Conduct proactive compliance reviews of FTZ operations and regulations that mimic CBP’s approach.
- **FTZ remediation and improvement:** Assist with implementation of new FTZ processes, compliance remediation and ongoing compliance assistance of your zone.
- Direct delivery, from point of unloading to facilities, speeding CBP release
- Inventory flexibility allowing companies to reposition inventory without incurring duties in multiple countries
- Elimination of duty for re-exports and scrap of imported items, eliminating need for duty drawback program
- Duty reduction (inverted tariff) for goods transformed or manufactured in an FTZ
- Local ad valorem tax benefits (in certain states)
- Weekly entry benefits provide savings in two key areas:
  - Merchandise processing fees can be reduced through the consolidation of CBP consumption entries one per week (per FTZ and Importer of Record)
  - Customs Brokerage fees can be reduced with the filing of a single consumption entry per week

## Potential service benefits

KPMG Foreign Trade Zone services may help clients obtain the following benefits:

- FTZ production equipment duty deferral and reduction (inverted tariff benefit)
- Deferral of duty until goods are shipped from distribution centers

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