

Foreign Trade Zone Savings Worksheet

Background	Sample Business	Your Business
Annual inventory importations:	\$50,000,000	\$_____
Inventory turnovers:	4x per year	_____per year
Average duty rate for parts:	10%	_____%
Average duty rate for finished products:	7.50%	_____%
Interest rate or cost of money:	12%	_____%

Annual FTZ Savings

Dutiable Inventory Cost of Money

(annual imports/inventory turnover X avg. parts duty rate X interest rate)

(i.e., \$50,000,000 / 4 X 10% X 12%) = \$150,000 \$_____

Obsolete and Surplus (OS) 5% _____%

(annual imports X WSEC percentage X avg. parts duty rate)

(i.e., \$50,000,000 X 5% X 10%) = \$250,000 \$_____

Waste, Scarp and Engineering Change (WSEC) 5% _____%

(annual imports X WSEC percentage x avg. parts duty rate)

(i.e., \$50,000,000 X 5% X 10%) = \$250,000 \$_____

Exports 15% _____%

(annual imports X export percentage X avg. parts duty rate)

(i.e., \$50,000,000 X 15% X 10%) = \$750,000 \$_____

International Returns 2% _____%

(annual imports X return percentage X avg. parts duty rate)

(i.e., \$50,000,000 X 2% X 10%) = \$100,000 \$_____

Zone-to-Zone Transfer 10% _____%

(annual imports X transfer percentage X avg. parts duty rate)

(i.e., \$50,000,000 X 10% X 10%) = \$500,000 \$_____

Inverted Duty

(annual imports X [100 percent – OS percentage – WSEC percentage – Export percentage – International Returns percentage – Zone Transfer percentage] X difference between avg. parts and avg. finished products duty rate)

(i.e., \$50,000,000 X [100% - 5% - 5% - 15% - 2% - 10%] X [10% - 7.5%]) = \$787,500 \$ _____

Gross Savings \$2,787,500 \$ _____

Annual FTZ Expenses

(annual fees, personnel, inventory system, bond, etc.) =

\$100,000 \$ _____

Net Annual FTZ Savings

(gross savings – expenses)

(i.e., \$2,787,500 - \$100,000) = \$2,687,500 \$ _____
