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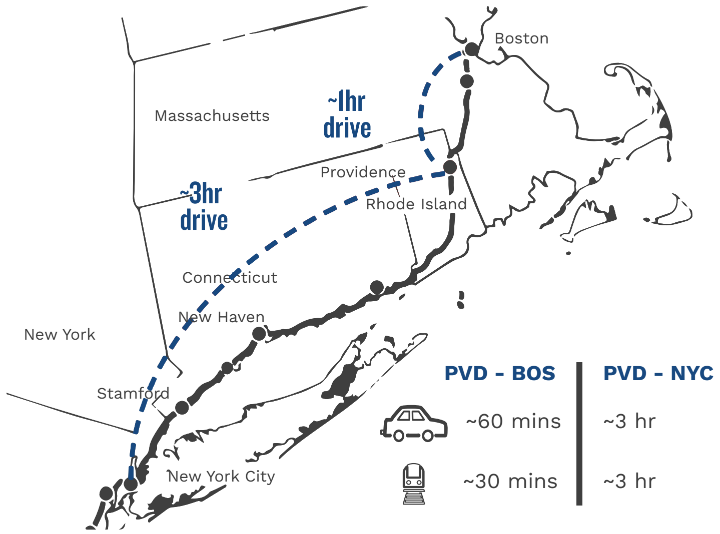
Photo: Safe Harbor Marinas

Rhode Island Foreign Trade Zone 105

The entire state of Rhode Island qualifies as an eligible foreign trade zone. The Rhode Island Commerce Corporation serves as the administrator of FTZ 105.

- Thirty-two acres at ProvPort, a 115-acre commercial and industrial inter-modal facility
- A 43-acre area at the Airport Business Center adjacent to T.F. Green Airport
- The Quonset Business Park and Port of Davisville, an 880-acre designation within the 3,000+ acre facility



A **foreign trade zone (FTZ)** is a specially- designated area in or adjacent to a U.S. Customs port of entry, that is considered “outside” the customs territory of the United States. FTZ #105, consists of three different geographic locations that are considered “magnet sites” under the Alternative Site Framework (ASF) regulations. As of September 2018, the entire state of Rhode Island is eligible for FTZ users under the ASF regulations.

Photo: ProvPort

Foreign Trade Zone (FTZ) benefits:

Duty exemption on re-exports: If merchandise is re-exported after being placed in a FTZ or shipped to another FTZ and then re-exported, no customs duty is ever paid. If the merchandise is sold domestically, no duty is paid until it leaves the zone.

Duty elimination on manufacture, re-packaging, waste and scrap: Merchandise in a foreign trade zone may be stored, repackaged, manipulated, manufactured, destroyed, or otherwise altered or changed. No duty is charged on most waste and scrap from production in foreign trade zones.

Relief from inverted tariffs: Generally, if foreign merchandise is brought into a foreign trade zone or subzone and manufactured into a product that carries a lower duty rate, then the lower rate applies.

No duty on rejected or defective parts: Merchandise found to be defective or faulty may be returned to the country of origin for repair or simply destroyed. Whichever choice is taken, no duty is paid. Many companies suffer from the "double-duty crunch." That is, they pay duty on imported merchandise, find it to be faulty and return it to the country of origin for repair, and then pay duty again when the merchandise re-enters the U.S.

Duty deferral: No duty is ever charged on merchandise while it is in a foreign trade zone, and there is no limit on the length of time merchandise may be kept in a foreign trade zone. By deferring the duty, capital is freed for more important needs.

No duty on domestic content or value added: The "value added" to a product in a FTZ (including manufacture using domestic parts, cost of labor, overhead and profit) is not included in its dutiable value when the final product leaves the zone. Final duties are assessed on foreign content only.

Let's Connect
Chris Cannatea
Vice President Business Engagement
Chris.Cannata@commerceri.com
401-278-9117
CommerceRI.com

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