## Foreign Trade Zone Savings Worksheet

### Background
- **Annual inventory importations:** $50,000,000  
- **Inventory turnovers:** 4x per year  
- **Average duty rate for parts:** 10%  
- **Average duty rate for finished products:** 7.50%  
- **Interest rate or cost of money:** 12%  

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

### Your Business
- **Annual inventory importations:** $___________  
- **Inventory turnovers:** _____ per year  
- **Average duty rate for parts:** _____%  
- **Average duty rate for finished products:** _____%  
- **Interest rate or cost of money:** _____%  

### 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)

(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)

(annual imports X WSEC percentage x avg. parts duty rate)  
(i.e., $50,000,000 X 5% X 10%) = $250,000  

#### Exports

(annual imports X export percentage X avg. parts duty rate)  
(i.e., $50,000,000 X 15% X 10%) = $750,000  

#### International Returns

(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

(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 \( \times \) [100 percent – OS percentage – WSEC percentage – Export percentage – International Returns percentage – Zone Transfer percentage] \( \times \) difference between avg. parts and avg. finished products duty rate)  
(i.e., $50,000,000 \times [100\% - 5\% - 5\% - 15\% - 2\% - 10\%] \times [10\% - 7.5\%]) = $787,500  

### Gross Savings

\[ \text{Gross Savings} \quad $2,787,500 \quad $\phantom{0} \]

### 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  

### Table

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inverted Duty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(annual imports ( \times ) [100 percent – OS percentage – WSEC percentage – Export percentage – International Returns percentage – Zone Transfer percentage] ( \times ) difference between avg. parts and avg. finished products duty rate)</td>
<td>[100% - 5% - 5% - 15% - 2% - 10%] \times [10% - 7.5%] | $787,500</td>
<td></td>
</tr>
<tr>
<td>Gross Savings</td>
<td>$2,787,500</td>
<td></td>
</tr>
<tr>
<td>Annual FTZ Expenses</td>
<td>$100,000</td>
<td></td>
</tr>
<tr>
<td>Net Annual FTZ Savings</td>
<td>$2,687,500</td>
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</tbody>
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