



**Epicure Group International**  
 9516 West Flamingo Rd., Suite 300  
 Las Vegas, NV 89147  
 T: 702-924-1517 F: 702-441-0208  
 E: service@epicuregroup.com  
 www.epicuregroup.com

### Bonded Warehouse vs Foreign Trade Zone Comparison

Many companies wonder whether the benefits available through a Foreign-Trade Zone can be equally realized by utilizing a bonded warehouse. Below is a functional comparison between a bonded warehouse and a Foreign Trade Zone. As is evident in the information below, a FTZ provides greater advantages over a bonded warehouse.

Function	Bonded Warehouse	FTZ
<b>Customs Entry</b>	A bonded warehouse is within U.S. Customs territory; therefore, a Customs Entry must be filed to enter goods into the warehouse.	A zone is not considered within Customs territory. Customs entry is, therefore, not required until removed from a zone.
<b>Cargo Permitted</b>	Only foreign merchandise may be placed in a bonded warehouse	All merchandise, whether domestic or foreign, may be placed in a zone
<b>Customs Bonds</b>	Each entry must be covered by either a single entry, term bond or general term bond.	No bond is required for merchandise in a zone.
<b>Payment of Duty</b>	Duties are due prior to release from bonded warehouses.	Duties are due only upon entry for U.S. consumption. The rate can be that which is in effect at time of admission or withdrawal.
<b>Manufacturing Goods</b>	Manufacturing is prohibited.	Manufacturing is permitted with duty payable at the time the goods leave the Zone for U.S. consumption. Duty is payable on either the imported components or the finished product, whichever carries a lower rate. No duty on waste material or on value added in manufacturing, such as labor, overhead and profit. No duty paid on goods exported from a zone.
<b>State &amp; Local Inventory Tax</b>	Tax is levied on January 1st of each year on all merchandise.	Foreign merchandise is not taxed. Domestic merchandise to be exported is not taxed.
<b>Storage Terms</b>	Not to exceed 5 years.	Unlimited.
<b>Permitted Activity</b>	Only cleaning, repackaging and sorting may take place and under Customs supervision.	Merchandise may be stored, inspected, repackaged, repaired, tested, cleaned, sampled, displayed, manipulated, mixed, processed, assembled, salvaged, destroyed, or re-exported.
<b>Drawback of Customs Duties or Federal Excise Tax</b>	Does not apply.	May apply to goods admitted to the Zone if approved by Customs.
<b>Waste &amp; Damaged Goods</b>	Duty owed on entire shipment entering a bonded warehouse.	No duty paid on waste, damaged or otherwise non-usable merchandise that is destroyed in the Zone.