



# Economic Advantages

Tax Exemption  
& Foreign-Trade Zone #196

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## ECONOMIC ADVANTAGES OF ALLIANCE TEXAS

# Triple Freeport Inventory Tax Exemption

At AllianceTexas, all three taxing entities - city, county, and school district - have enacted the Triple Freeport Inventory Tax Exemption on all eligible inventory



If your warehouse is located at AllianceTexas, your company does not pay an inventory tax on goods that move in and out of Texas within a 175 day period. This exemption applies to inventory that is forwarded out of Texas within 175 days of the date acquired or brought into the state.

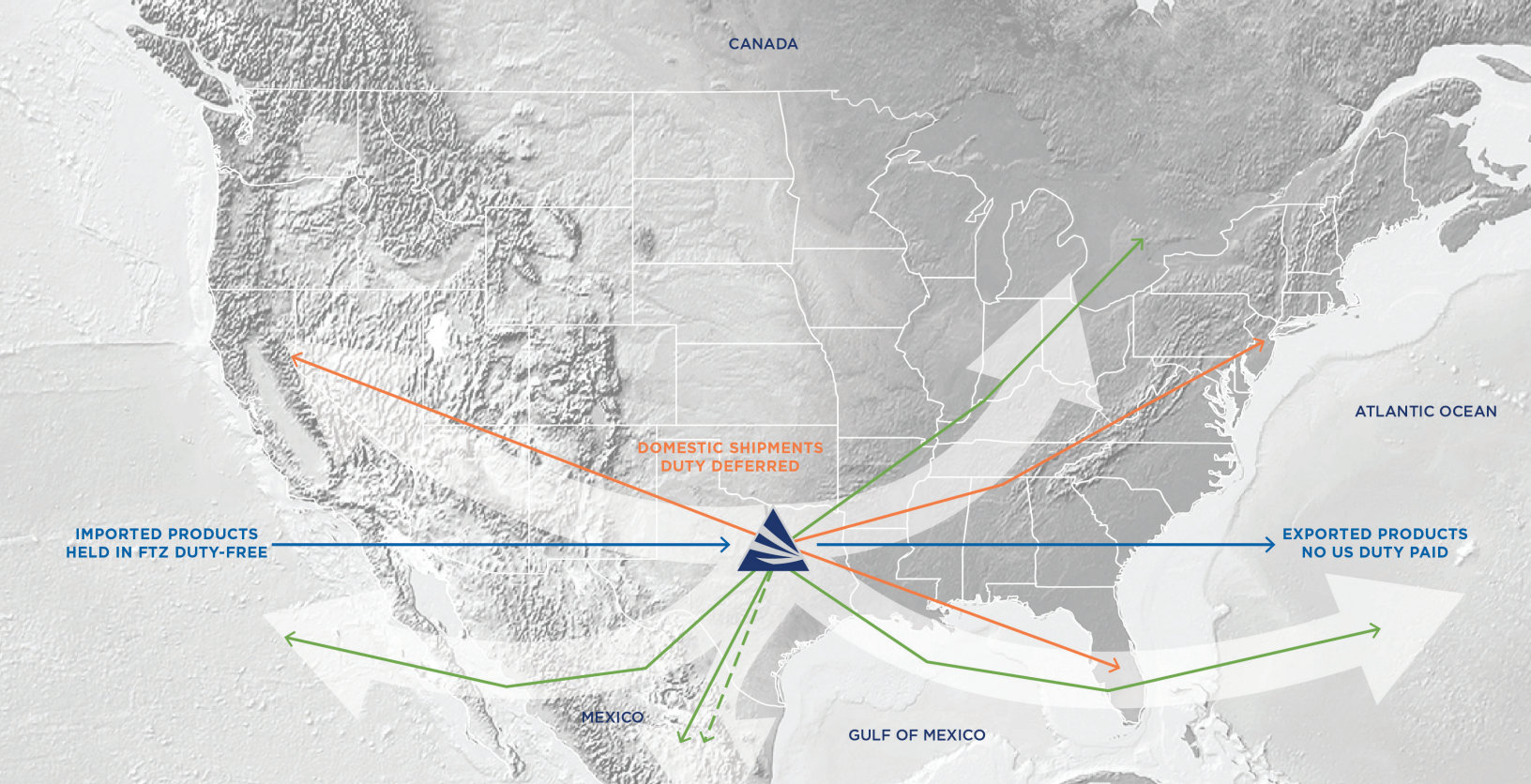
### SAMPLE INVENTORY SCHEDULE

**DAY 1** Inventory arrives in Texas

**DAY 2 - 174** Inventory is stored, assembled, manufactured, fabricated, processed, repaired, or serviced

**DAY 175** Inventory leaves Texas

**INVENTORY TAX** None



## Foreign-Trade Zone #196

A Foreign-Trade Zone (FTZ) is a secure site within the United States where merchandise is considered to be outside of U.S. Customs territory. The significant economic benefits with a FTZ designation combined with the multi-modal program at AllianceTexas, corporate residents reduce time and costs in their supply chains.

### TOP TEN REASONS TO USE ALLIANCE FTZ #196

#### 1. IMPROVE CASH FLOW

Hold merchandise in inventory or transfer it to another FTZ without paying duties until the imported merchandise is shipped into U.S. Customs territory.

#### 2. SAVE ON INVERTED U.S. CUSTOMS DUTY

Elect to pay the duty rate applicable to either component material or the finished product produced, whichever is lower. The reduction or elimination of duties is significant.

#### 3. ELIMINATE EXPORT DUTY

Exporting from an FTZ eliminates U.S. Customs duties on exported merchandise

#### 4. REDUCE INVENTORY TAX

Tangible personal property held in FTZ status is exempt from state and local ad valorem taxes.

#### 5. REDUCE COSTS ON DEFECTIVE MERCHANDISE

Reduce or eliminate duties on merchandise returned to origin, classified as waste, scrap, defective, damaged, or obsolescent.

**6. ELIMINATE DUTY ON LABOR, OVERHEAD, AND PROFIT** If the same operations occurred outside the U.S., the value of the labor, overhead, and profit is subject to U.S. Customs duty.

#### 7. REDUCE PAPERWORK AND EXPENSES

For manufacturing and distribution, companies may consolidate multiple customs entries into one per week, reducing customs brokerage and merchandise processing fees.

**8. SECURITY** The top priority of USCBP is security. Activated FTZ's enjoy one of the highest security levels of any importer - superior to C-TPAT.

**9. REDUCE SUPPLY CHAIN TIME** Eliminate delays related to U.S. Customs clearances. Special direct delivery procedures expedite the receipt of merchandise in company facilities, reducing inventory cycle time.

**10. MANAGE U.S. QUOTA RESTRICTIONS** Most merchandise may be held in an FTZ, even if it is subject to U.S. Quota Restriction. When the quota opens, the merchandise may be shipped into U.S. Customs territory.





**FOR MORE INFORMATION**  
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