



Puerto Rico

Chamber of Commerce

First E³ Summit of the Americas 2011

Education + Entrepreneurship + Exports =
COMPETITIVENESS



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In PR, International Trade it's a Two (2) Way Street

- Puerto Rico is an Island, as such, except for Agricultural Products, in order to Export goods, you must import goods or components/raw material to manufacture or distribute the products you will be selling overseas (exporting).
- **NRI, Inc.** d/b/as Néstor Reyes, Inc. (founded in 1973, over 35 years ago) and its Sister Company **ImEx Zone Logistics, Inc.** can provide Exporters with all the services they may need in the **“Trade”** (Customs Brokers, Freight Forwarders, Foreign Trade Zone (FTZ) Warehousing and Distribution, Inland Freight, etc.)
- **NRI** (www.nreyes.com) has its **Customs & Trade Institute**, providing **Seminars on Global Trade** to the Universities, Associations, and directly to the Trade so we help them develop their best **Asset**, the Human Capital, while keeping them ahead of changes such as the recently enacted Incoterms 2010, which came into effect on January 1st, 2011.

- Our **World Wide Agent Network** allows us to provide a **“Door to Door Service”** whether importing or exporting goods, while having a complete control over the documents and cargo.
- This allows for the use of the better **Incoterms 2010** to reduce the **“Duty Impact”** on the imported products/materials, while reducing the freight charges using our Worldwide Volumes. Our **“Integrated Logistics Services”** works from the moment of placing the order, it provides **“Just In Time”** using our **FTZ Inventory Program** and **ImEx Zone Logistics**, we can even warehouse for the Supplier at his cost, and Title will transfer at time of delivery to the ultimate consignee in PR.
- And talking about unique services related to the **“Competitiveness”**, there stands the **FTZ Program** which can dramatically reduce the cost of doing business in PR for Companies that manufacture and/or sell their products locally and outside of PR.

Logistics and the Foreign Trade Zone Program

- For the **Manufacturer and/or Distributor**, first there is our advantageous **Geographic location** and the available transportation services to the Region. Also the fact that we can convert their Operation into an FTZ Sub Zone, allowing additional benefits beyond those provided by **Law # 73 of May 28, 2008** (The Economic Incentives for the Development of Puerto Rico Act).

- In fact the advantages offered to Exporters operating from a **Foreign Trade Zone** in PR are:
 - 4% Maximum Tax Rate (Law # 73 Effective date 7-01-08)
 - No Federal Income Tax
 - No Property or Inventory Taxes (8% est.) (Law # 159 – 6/24/04)
 - No Municipal* Tax (“Patente”) (Law 131 6/17/99) or Customs Duties

*Except Petroleum Products (Law # 126, 10-6-05)

Foreign Trade Zone Advantages to Manufacturers

■ **Advantages for Manufacturers in a FTZ Sub Zone are:**

- Inverted Tariff Provisions (You select the lowest duty, that of the imported component/material or the product manufactured)
- Duty Deferral – Customs Duties & Federal Taxes deferred on imports
- No duties or Property Inventory Tax (CRIM) on Machine Spare Parts- until used
- No duties on Damaged goods or expired inventory
- No Property Inventory Tax “(CRIM) while in the Zone Law 159 6/24/04, on Inventory & Equipment
- No Municipal Tax on Exports to Foreign Countries
- Logistical Benefits – streamlines Customs Procedures (e.g. “Weekly Entry”, “Weekly Entry for Exports”, “Direct Delivery”)

■ **NRI FTZ Group** will provide Importers/Exporters with the advantage of **combining Law # 73** (4% fixed income tax rate on net taxable income), with **Law 131 “Patente” of June 17, 1999** (100% exemption on all exports to **Foreign Countries**), with **Law 159 of June 24, 2004, CRIM Exemption on Merchandise & Equipment and 60% Exemption on the Property (Land/Building “Inmueble”** (some restrictions apply). With this combination, **we are the most competitive Territory under the US Flag, and can compete favorably with many Countries on a World Wide basis.** As Author and **CHB, I have** worked for many years (1998 @ 2004) for the passage of both Laws (131 & 159), and have provided his over 35 years experience to many Companies in PR, the Mainland and Foreign Entities, on this specialized topic of Foreign Trade Zones.

■ NRI, Inc. Sister Company **ImEx Zone Logistics, Inc** www.ImExFTZ.com is also a **valuable resource for new exporters** due to the following services:

- Exhibit Merchandise
- Air & Ocean Export Services
- Pick, Sort & Re-Pack Services
- In- Bond Carrier & Island Distribution

