



US Foreign Trade Zones - Annual reporting with SAP GTS FTZ Solution

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➤ INTRODUCTION

As a US FTZ owner/operator, aside from the day-to-day obligations of inventory controls, filing of admissions and weekly entries there are some annual requirements as well. In this white paper, we will explain the regulatory obligations as well as the reports available from SAP Global Trade Services to meet those requirements.

1

Annual Board Report:

All US FTZ operators need to submit a report to their grantee (if they operate as a subzone) and the grantee's need to submit it to the board by March 31st. This typically means preparing the report sometime in February. All board reports need to be filed into the Online FTZ Information System (OFIS). The annual board report is a comprehensive report of all activities that occurred in the zone each year. It includes the beginning and ending values, merchandise admitted, and entered into commerce. Any merchandise exported, sent to other zones, or destroyed need to be accounted for as well.

2

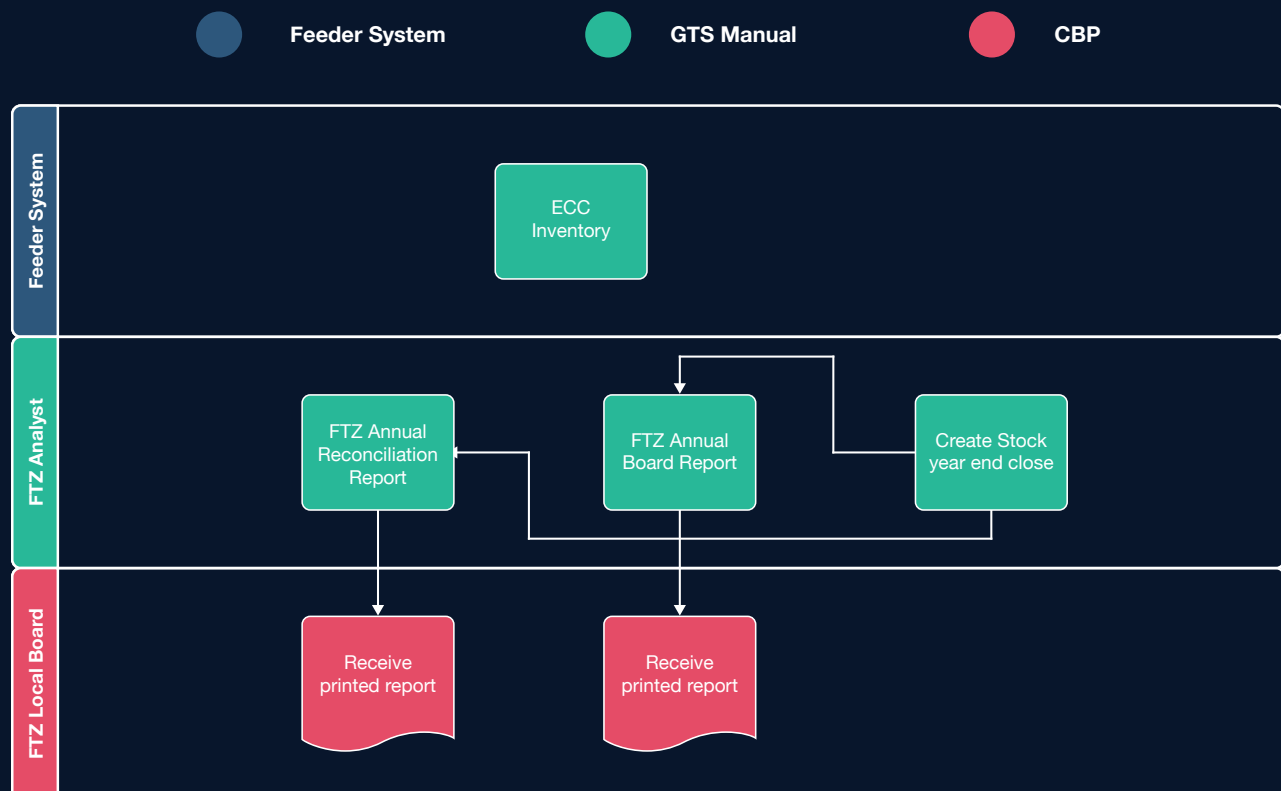
Annual Reconciliation Report:

CFR Title 19, Chapter 146.25 lays out the requirement for FTZ operators to prepare a reconciliation report within 90 days after the end of zone/subzone year. This report needs to be prepared, completed, and reviewed. More importantly, it does not need to be filed with CBP. The stipulation is merely to prepare the report and make it available if requested by CBP. However, what is required is a signed letter to the port director within 10 days certifying that the report is prepared, complete and accurate. Any gains or losses discovered as a part of the reconciliation process need to be reflected by filing CBP 214s and CBPF 3461/7501 respectively. This is also the time to consider prior notifications or voluntary disclosures for qualifying discrepancies.

YEAR-END CLOSING PROCESS IN SAP GTS FTZ

The year-end closing process in SAP GTS FTZ (Global Trade Services - Free Trade Zone) involves a series of activities and steps to finalize and reconcile the operations and transactions conducted within a Free Trade Zone (FTZ) at the end of a fiscal year. This process ensures accurate reporting, compliance with regulatory requirements, and proper recordkeeping for the FTZ activities.

The operator of a Foreign-Trade Zone generates the following reports annually:



Process to create the reports in SAP GTS:



To create the **Annual Board Report** and **Annual Reconciliation Report**, enter the transaction /SAPSL/FTZ_YRCLS **Create Stock Year-End Close** in the command line.



Enter the relevant customs ID, FTZ posting year, and quarter, then choose Execute to create a stock year-end close.



The system determines all data required to create the two-year end reports.



If the report was already created for the year, the data is overwritten if the processing status is "In Process".



Then call transactions /SAPSL/FTZ_ANRCN and /SAPSL/FTZ_ANBRPT to have the annual reconciliation report and annual board report displayed.



The administrator can execute the **Perform Year-End Closing** program for the current year as often as required. The previously determined data for the same selection criteria is updated when the processing status in the **Annual Board Reports** or in the **Annual Reconciliation Reports** is set to **In Processing**.



The program determines the data for the corresponding posting year that the **Annual Board Report** and **Annual Reconciliation Report** used as a data foundation and is stored in tables /SAPSL/FTZANBRPT

ANNUAL BOARD REPORT

The Annual Board Report is a critical aspect of managing Free Trade Zone (FTZ) operations, as it provides a comprehensive overview of a company's activities within the FTZ. SAP Global Trade Services (GTS) FTZ offers a robust solution to streamline and automate the Annual Board Report process, enabling companies to efficiently compile, analyze, and report on their FTZ operations.

Transaction code /SAPSL/FTZ_ANBRPT displays the annual board report generated for all years in a foreign trade zone.

Generating the report in SAP GTS

1

In the SAP GTS area menu, choose **Customs Management -> Monitoring for Inventory-Managed Customs Procedures**.

2

Select the **Foreign-Trade Zone** tab page.

3

Choose **Edit Annual Board Report**.

4

Enter a relevant customs ID and choose Execute. A list with the corresponding FTZ posting years appears.

5

Double-click the relevant FTZ posting year to select it.

The screenshot shows the SAP Annual Board Report for FTZ_US3000. The interface includes a header bar with the SAP logo and the title 'Annual Board Report for FTZ_US3000'. Below the header, there is a search bar with a dropdown arrow, a green checkmark, and buttons for 'Cancel' and 'More'. A toolbar contains buttons for 'Display', 'Change', 'Delete', and various icons for search, filter, and export. The main data area is a table with the following structure:

FTZ Year Annual Board Report Status	Created By	Created On	Changed By
2022 In Process	MADHURIK	08/16/2023 16:25:37	

ANNUAL RECONCILIATION REPORT

In the context of SAP GTS FTZ (SAP Global Trade Services - Free Trade Zone), the term “Annual Reconciliation Report” refers to a comprehensive report that summarizes and reconciles the activities and transactions conducted within a Free Trade Zone (FTZ) over the course of a fiscal year. The purpose of the Annual Reconciliation Report is to provide a consolidated view of all FTZ-related operations and inventory movements for a specific period, typically a year.

Most companies prefer to generate the report monthly for finance monthly review to get an overview of the duty owed for FTZ and also to make necessary corrections/adjustments in case of inventory discrepancies between feeder system and GTS.

The Reconciliation Report serves several important purposes:



Operational Insights:

It provides insights into the company's FTZ operations, inventory levels, and trends, helping management make informed decisions and optimize FTZ processes.



Compliance Verification:

It helps ensure compliance with regulatory requirements and customs regulations by providing a detailed record of all FTZ transactions and activities.



Regulatory Reporting:

The report may be submitted to local FTZ boards or other regulatory bodies as part of compliance obligations.



Audit Trail:

The report serves as an audit trail that can be used for internal and external audits, enabling authorities to verify the accuracy and legitimacy of FTZ operations.

Generating the report in GTS:



In the SAP GTS area menu, choose Customs Management Monitoring for Inventory-Managed Customs Procedures.



Select the Foreign-Trade Zone tab page.



Choose Edit Annual Reconciliation Report.



Enter a relevant customs ID and choose Execute. A list with the corresponding FTZ posting years appears.



Double-click the relevant FTZ posting year to select it.



The list displays the opening stock, stock movements, and the closing balance for each FTZ-relevant component. The report can be downloaded /printed for sharing with FTZ boards.

Sample reports

SAP Customs Management: Special Customs Procedures

Export Import Classification Master Data System Monitoring Cancel More

Prescribed End Use Outward Processing Processing Trade **Foreign-Trade Zone**

Stock Lists

- Display Individual Stock
- Display Stock Overview
- Display Stock Receipts and Issues

Forecast

- Display Forecast of Foreign-Trade Zone

Creation of Customs Declarations

- Create Domestic Stock Issues from FTZ

Creation of Customs Shipments

- Create Customs Shipment with Waybill Reference

Reports

- Process HMF Quarterly Summary Report
- Edit Annual Reconciliation Report**
- Edit Annual Board Report
- Display Inventory Differences f. Feeder System

Zone-to-Zone

- Create Zone-to-Zone File
- Display Zone-to-Zone Files

Execute the report

SAP Edit Annual Reconciliation Report

Customs ID **FTZ_US3000** Foreign Trade Zone - New York

SAP Annual Reconciliation Report for FTZ_US3000

Display Change Delete

FTZ Year Editing Status	Created By	Created On / Changed By
2022 In Process		08/16/2023 16:25:37

<

SAP

Annual Reconciliation Report Display

✓

Cancel

More >

Administrative Data

Customs ID

FTZ_US3000

Foreign Trade Zone - New York

FTZ Posting Year

2022

FTZ ID

1530001

Created On

08/16/2023 16:25:37

Editing Status

1 In Process

Individual Stock

Product

Product N.	Product Short Text	Number	Stock Movements	Total	PF	NPF	Duty Paid	UoM
100-100	Wheels	8703210110	Opening Stock	0	0	0		0 ST
			Stock Received	40	40	0		0 ST
			Stock Issued	616	216	0		400 ST
			Negative Clearing Posting	0	0	0		0 ST
			Positive Clearing Posting	0	0	0		0 ST
			Closing Stock	576-	176-	0		400- ST
100-120	FK7H9KKNW - VEHICLE -- >1000CC<=1500CC	8703220100	Opening Stock	0	0	0		0 ST
			Stock Received	20	0	20		0 ST
			Stock Issued	0	0	0		0 ST
			Negative Clearing Posting	0	0	0		0 ST
			Positive Clearing Posting	0	0	0		0 ST
			Closing Stock	20	0	20		0 ST
HT-1010	E-Bike	8712004800	Opening Stock	0	0	0		0 ST
			Stock Received	335	335	0		0 ST
			Stock Issued	20	20	0		0 ST
			Negative Clearing Posting	0	0	0		0 ST
			Positive Clearing Posting	0	0	0		0 ST
			Closing Stock	315	315	0		0 ST
P-103	Frame	8714913000	Opening Stock	0	0	0		0 ST
			Stock Received	20	0	20		0 ST
			Stock Issued	0	0	0		0 ST
			Negative Clearing Posting	0	0	0		0 ST
			Positive Clearing Posting	0	0	0		0 ST
			Closing Stock	20	0	20		0 ST

Annual Reconciliation Report in SAP GTS FTZ includes the following information:



Inventory Balances:

Details of the Opening stock balance and Closing inventory balances for each product within the FTZ.



Stock Receipts and Issues:

A breakdown of goods admitted to and issues from the FTZ during the fiscal year, including quantities, values, and customs duties paid.



Reconciliation of Quantities:

Reconciliation of the quantities of goods admitted, removed, and remaining in the FTZ to ensure accuracy and compliance.



➤ CONCLUSION

Benefits of operating within an FTZ are accompanied by onerous recordkeeping and compliance requirements. SAP Global Trade Services US FTZ solution aims to make the annual closing and reporting requirements as painless as possible by generating required reports out of the box. Close integration with ERP and Warehouse Management functions allows for tracing discrepancies easily and taking corrective actions.

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