

**By Karen Hockney**

As the first and only Marina Foreign Trade Zone (FTZ) in Miami-Dade County, IGY’s Yacht Haven Grande-Miami at Island Gardens has remained very busy welcoming and servicing some of the world’s largest and most impressive yachts to Miami.

With increased demand for this unique and beneficial service, IGY has recently received further clarification on the terms and conditions of the FTZ from the office of US Customs and Border Protection (US-CBP).

**What is a FTZ?**

A FTZ alleviates duty and taxes on imported yachts and foreign flagged craft while they are in the zone. Simply put, FTZ status enables international superyacht sales brokers to show off and sell their yacht inventory from all over the world to potential US buyers on a specially designated FTZ slip at YHG-Miami.

**Latest US-CBP advice:**

Foreign flagged yachts may obtain necessary approvals to enter a designated FTZ location and proceed to engage in all pre-sale activities including exhibition, sea trials, boat shows, and broker/client visits. Based on current US-CBP terms and conditions, the consummation of a yacht sale has to occur outside of the United States (foreign port).

**The advantages of FTZ status as opposed to a Boat Show Bond**

If the yacht is in FTZ inventory status, it can be shown to anyone, at any time, for as long as the yacht is in FTZ status – there is no time limit. The yacht can go through the entire sales process with the exception of closing and delivery of the yacht to the buyer which must take place outside of a U.S. port.

The yacht must be duty paid in the case of a US buyer who wants to US flag the yacht or taken foreign to be closed and delivered there.

However, if the yacht is under a Boat Show Bond, it can be shown to anyone while the boat is at a show but once the show is over, the yacht can only be shown to those potential buyers that visited it at the show.

This bond lasts for a maximum of six months and the yacht must be closed by either duty payment or exportation. It is not eligible for a new Boat Show Bond within three months of the cancellation of the old bond.

**The dangers of disregarding the rules**

Given the above, it is possible that some yacht brokers might be tempted to offer yachts for sale to only non-US based residents. However, the stakes are high and brokers disregarding this rule run the very real risk of having their client’s boat seized by US Customs. It is a potentially risky situation for a yacht of any size, given the high-net-worth value against the minimal cost of putting the yacht in the FTZ.

In short, restricting the sale of a yacht to only foreign nationals and removing potential US buyers does not make financial sense when you consider the FTZ costs against the cost of advertising, promotion and all other expenses required to sell a yacht.

**US Customs clarification**

According to US Customs and Border Protection advice issued in April 2021 regarding vessel sale activity while in a FTZ, the FTZ Board at the Department of Commerce has deemed it appropriate for vessels that have been admitted into a FTZ to be exhibited to the public for sale as long as the transfer of ownership and delivery occurs after the vessel is removed from Zone Status.

The sale of a vessel cannot be completed until it is removed from the FTZ Zone Status by filing a consumption entry along with payment of duties by the owner or the exportation of the vessel from the US to a foreign country.

However, this advice flies against what was originally agreed when YHG-Miami’s FTZ was first established.

‘Customs Port Everglades have issued a Customs Bulletin stating that while a yacht can be exhibited and offered for sale while in the FTZ, the sale cannot be consummated until the yacht has been removed from FTZ status by either export or duty payment,’ says Bert Fowles, Vice President of Sales and Marketing at IGY Marinas.

‘This is not what was initially agreed when the marine FTZs were set up and I don’t agree with the interpretation of “retail sale” that USCBP is now using. The FTZ community in Port Everglades is up in arms and the MIASF may be taking the first steps on this.’

ENDS