


## Application for Exemption of Goods Exported from Texas

(Freeport Exemption)

Appraisal District's Name Dallas County Appraisal District	Phone (area code and number) 214-631-7406	Tax district code TCode
Address Business Personal Property Division PO Box 560368 Dallas, TX 75356-0368	Account District Account Number:	0000000000000123
		

**GENERAL INSTRUCTIONS:** This application is for use in claiming a property tax exemption for "freeport goods" pursuant to Texas Constitution Article VIII, Section 1-j and Tax Code Section 11.251. The amount of the exemption for this year is normally based on the percentage of your inventory made up by such goods last year.

The exemption applies to items in your inventory that (1) are or will be forwarded out of Texas within 175 days of the date you acquire them or bring them into Texas and (2) are in Texas for assembling, storing, manufacturing, repair, maintenance, processing or fabricating purposes.

For aircraft parts, the governing body of a taxing unit may, by official action, extend the deadline by which freeport goods must be transported outside of the state to no more than 730 days after acquiring or importing the property into the state.

This exemption does not apply to oil, natural gas, or liquid or gaseous materials that are immediate derivatives of the refining of oil or natural gas as defined by Comptroller Rule 9.4201.

For purposes of this application, "inventory" means your inventory of finished goods, supplies, raw materials and work in progress.

**FILING INSTRUCTIONS:** You must furnish all information and documentation required by this application so that the chief appraiser is able to determine whether the statutory qualifications for the exemption have been met. This document and all supporting documentation must be filed with the appraisal district office in each county in which the property is located. Do not file this document with the Texas Comptroller of Public Accounts. A directory with contact information for appraisal district offices may be found on the Comptroller's website.

**APPLICATION DEADLINES:** You must file the completed application with all required documentation beginning Jan. 1 and no later than April 30 of the year for which you are requesting an exemption. You may file a late application up to midnight the day before the appraisal review board approves the appraisal records for the year for which you are requesting an exemption. Pursuant to Tax Code, Section 11.4391, if you do file a late application and your application is approved, you are liable to each taxing unit for a penalty equal to 10 percent of the difference between the amount of tax imposed by the taxing unit on the inventory or property, a portion of which consists of freeport goods, and the amount that would otherwise have been imposed.

**ANNUAL APPLICATION REQUIRED:** You must apply for this exemption each year you claim entitlement to the exemption.

**OTHER IMPORTANT INFORMATION**

Pursuant to Tax Code Section 11.45, after considering this application and all relevant information, the chief appraiser may request additional information from you. You must provide the additional information within 30 days of the request or the application is denied. For good cause shown, the chief appraiser may extend the deadline for furnishing the additional information by written order for a single period not to exceed 15 days.

**State the Year for Which You are Applying**Tax Year: **2017****STEP 1: Ownership Information**

Name of Property Owner:	Dennis Friedman - (Sample Dallas County) (DBA Big D Parts)	
Mailing Address:	4545 N. Elm Street	
City, state, ZIP code:	Dallas, TX 74133-1234	(214) 555-1234 Ext 123456
		Phone (area code and number)
Property Owner is a(n) (check one):	<input type="checkbox"/> Individual	<input type="checkbox"/> Partnership
	<input checked="" type="checkbox"/> Corporation	<input type="checkbox"/> Other (please specify): _____

**STEP 2: Applicant Information**

Jim McCoy	Vice President	111223333
Name of Person Preparing this Application	Title	Driver's License, Personal I.D. Certificate, or Social Security Number*
If this application is for property owned by a charitable organization with a federal tax identification number, that number may be provided in lieu of a driver's license number, personal identification certificate number, or social security number: .....		

\* Pursuant to Tax Code Section 11.48(a), a driver's license, personal I.D. certificate, or social security number provided in an application for an exemption filed with a chief appraiser is confidential and not open to public inspection. The information may not be disclosed to anyone other than an employee of the appraisal office who appraises property, except as authorized by Tax Code Section 11.48(b).

**STEP 3: Authorized Agent**

Authorized Agent's Name: (if different from above)	John Doe Company (Bob Jones)	
Mailing Address:	123 CPA Avenue	
City, state, ZIP code:	Accountant City, OK 55555	(918) 555-1212 Ext 1234
		Phone (area code and number)

Texas Comptroller of Public Accounts

Form 50-113

**STEP 4: Property Information**

Provide the following information regarding the location of inventory. Attach a description of the type of items in this inventory.

123 main street

Address, City, State, ZIP Code

Widgets and more

General description of the types of items in this inventory. (attach additional sheets if necessary)

0000000000000123

Legal Description (if known) Appraisal District Account Number (if known)

**STEP 5: Questions About Your Property**

- 1. Will portions of this inventory be transported out of state this year? ..... Yes  No
- 2. Have you applied for Sept. 1 inventory appraisal? ..... Yes  No
- 3. Were portions of your inventory transported out of this state throughout last year? ..... Yes  No   
 If no, because inventory was transported only part of year, give the months during which portions of your inventory were transported out of the state last year.  
January, June, November

4. Total cost of goods sold for the entire year ending December 31, 2016	\$	100,000
5. Total cost of goods sold that were shipped out of Texas within the applicable time frame after you acquired them in or brought them into Texas last year, less the cost of any goods, raw materials or supplies incorporated into them that were not eligible for the freeport exemption or were in Texas for more than the applicable number of days.	\$	50,000

6. On what types of records do you base the amounts given above? ( Check all that apply.)
- Audited financial statement     Sales records     Internal reports  
 Bills of lading     Texas franchise tax reports     Other (describe) other here...

7. Percentage of last year's value represented by freeport goods (line 5 divided by line 4) 50.00 %

8. Will the percentage of goods transported out of Texas this year be significantly different than the percentage transported out last year? Yes  No   
 If yes, why?  
Reason why is here...

9. What was the market value of your inventory on January 1 of this year, or September 1 of last year, if you have qualified for September 1 inventory appraisal?	Finished Inventory = 1,000 Raw Materials = 2,000 Work in Process = 3,000	\$ 6,000
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10. What is the value of the inventory you claim will be exempt this year? \$ 3,000

**STEP 6: Certification and Signature**

By signing this application, you certify that the information provided in this application and all attachments is true and correct to the best of your knowledge and belief.

**print here** > Jim McCoy Vice President  
 Print Name Title

**sign here** > \_\_\_\_\_ \_\_\_\_\_  
 Authorized Signature Date

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Penal Code Section 37.10.

# Freeport Exemption Worksheet

**Important Information:**

1. All data furnished from Accounting Records must be for the preceding calendar year .
2. Items 1a, 1b, 2 & 4 must be proven by copies of Accounting records .
3. Items 1a, 2, 3, 4 & 5 must be entered on the application.
4. Please attach a copy of this worksheet to your documentation
5. This worksheet only calculates an exemption on inventory based on 175 days. It does not calculate an exemption for aircraft parts.

**1. Inventory Turn Calculation:**

(A) Enter the **total cost of goods sold and / or forwarded from this location** during the previous calendar year: \$ 100,000 (1.A)

(B) Enter the **month-ending inventory cost** for each month of the previous calendar year:

JAN \$ <u>1,000</u>	APR \$ <u>4,000</u>	JUL \$ <u>7,000</u>	OCT \$ <u>10,000</u>
FEB \$ <u>2,000</u>	MAY \$ <u>5,000</u>	AUG \$ <u>8,000</u>	NOV \$ <u>11,000</u>
MAR \$ <u>3,000</u>	JUN \$ <u>6,000</u>	SEP \$ <u>9,000</u>	DEC \$ <u>12,000</u>

(C) Sum of January through December month-ending inventory costs ..... = 78,000 (1.C)

(D) Average annual inventory calculation: 78,000 (1.C) divided by 12 ..... = 6,500 (1.D)

(E) Inventory Turns:

100,000 (1.A) divided by 6,500 (1.D) ..... = 15.3846 turns (1.E)

365 days (1.A) divided by 15.3846 turns (1.E) ..... = 24 days (1)

**IF ITEM(1) IS GREATER THAN 175, THE EXEMPTION CANNOT BE GRANTED**

2. Enter the **cost of goods sold and / or forwarded from this location** to a destination outside of Texas during the previous calendar year within 175 days of the date they were acquired within or brought into Texas, less the cost of any goods, raw materials, or supplies incorporated into them that were not eligible for the Freeport exemption or were in Texas more than 175 days: = 50,000 (2)

3. Exemption percentage calculation:  
50,000 (2) divided by 100,000 (1.A) ..... = 50.00 %(3)

4. January 1st inventory cost (or September 1st of last year, if applicable) ..... = 6,000 (4)

**5. EXEMPT INVENTORY CALCULATION:**

6,000 (4) multiplied by 50.00 % (3) ..... = 3,000 (5)

**EXEMPT INVENTORY**

### Freeport / Goods-In-Transit Exemption Documentation Affidavit of the Property Owner

I certify pursuant to the provisions of Section 37.01 and section 37.10 of the Texas Penal Code that the following document(s), consisting of \_\_\_\_\_ page(s) and described as \_\_\_\_\_, is / are a complete and accurate reflection of the official books and records of this company as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Type or Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Company

**SUBSCRIBED AND SWORN BEFORE ME ON THIS \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.**

\_\_\_\_\_  
Notary Public

\_\_\_\_\_  
Type of Print Name

My commission expires \_\_\_\_\_  
**Date**