


APPLICATION FOR EXEMPTION OF GOODS EXPORTED FROM TEXAS ("FREEPORT EXEMPTION") FOR TAX YEAR

2012

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 Number: 0000000000000123	

GENERAL INSTRUCTIONS: This exemption applies to "freeport goods" as governed by Texas Constitution, Article VIII, Section 1-j and Tax Code, Section 11.251. This exemption applies to items in your inventory that (1) are or will be forwarded out of Texas within 175 days of the date you acquired them or bring them into Texas and (2) are in Texas for assembling, storing, manufacturing, repair, maintenance, processing or fabricating purposes. The exemption does not apply to oil, natural gas or liquid or gaseous materials that are immediate derivatives of refining oil or natural gas. The phrase "liquid or gaseous materials that are the immediate derivatives of the refining of oil or natural gas" is defined in Comptroller Rule 9.4201. The amount of the exemption for this year is normally based on the percentage of your inventory made up by such goods last year.

APPLICATION DEADLINES: You must file the completed exemption application form between January 1 and no later than April 30 of the year for which you are requesting an exemption. You must furnish all information required by the application. 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, 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 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.

STEP 1: State the Year for Which You are Seeking an Exemption

2012

STEP 2: Provide Name and Mailing Address of Property Owner and Identity of Person Preparing Application

Dennis Friedman - (Sample Dallas County) (DBA Big D Parts)

Name of Property Owner

4545 N. Elm Street

Current mailing address (number and street)

Dallas, TX 74133-1234

City, state, ZIP code

(214) 555-1234 Ext 123456

Phone (area code and number)

Property Owner is a(n) (check one):

Individual

Partnership

Corporation

Other (please specify):

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 an exemption from ad valorem taxation of property owned by a charitable organization with a federal tax identification number, that number may be provided here in lieu of a driver's license number, personal identification certificate number, or social security number:

* Unless the applicant is a charitable organization with a federal tax identification number, the applicant's driver's license number, personal identification certificate number, or social security account number is required. Pursuant to Tax Code Section 11.48(a), a driver's license number, personal identification certificate number, or social security account 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). If the applicant is a charitable organization with a federal tax identification number, the applicant may provide the organization's federal tax identification number in lieu of a driver's license number, personal identification certificate number, or social security account number.

STEP 3: Authorized Agent's Name

John Doe Company (Bob Jones)

Authorized agent's name (if different from above)

123 CPA Avenue

Mailing address (number and street)

Accountant City, OK 55555

City, state, ZIP code

(918) 555-1212 Ext 1234

Phone (area code and number)

STEP 4: Describe the Property for Which You are Seeking an Exemption

0000000000000123

Appraisal District Account Number (if known) (Or attach tax bill or copy of appraisal or tax office correspondence concerning this account. If unavailable, give the street address at which the property is located.)

123 main street

Location of Inventory (street address, city, ZIP Code)

Widgets and more

Give a general description of the types of items in this inventory. (use additional sheets if necessary)

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STEP 5: Answer these Questions About Your Property

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

Will portions of this inventory be transported out of state this year?.....: Yes No

Have you applied for appraisal of your inventory on September 1?: Yes No

Were portions of your inventory transported out of this state throughout last year?: Yes No

If "No," because inventory 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

1. Give the total cost of goods sold for the entire year ending December 31, 2011	\$ 100,000
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2. Give the total cost of goods sold that were shipped out of Texas within 175 days of the date 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 more than 175 days.	\$ 50,000
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3. On what types of records do you base the amounts given above? (Check as many as apply.)

Audited financial statement Sales records Internal reports

Bills of lading Texas franchise tax reports Other (describe) other here...

4. Percentage of last year's value represented by freeport goods (divide 2 by 1)	50.00 %
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5. Will the percentage of goods transported out of Texas this year be significantly different than the percentage transported out last year? Yes No

6. If "YES," why?
Reason why is here...

7. 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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8. What is the value of the inventory you claim will be exempt this year?	\$ 3,000
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STEP 6: Read, Sign and Date

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

sign here >

Authorized Signature _____ Date _____

Dennis Friedman (DBA Big D Parts) _____

Title _____

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 Texas 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

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