

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

YEAR _____

| | |
|-------------------------|------------------------------|
| Appraisal district name | Phone (area code and number) |
|-------------------------|------------------------------|

Address _____


INSTRUCTIONS: This exemption applies to items in your inventory on January 1 (or September 1 of last year, if applicable) 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. The exemption does not apply to oil, to natural gas or to liquid gases that are immediate derivatives of refining oil or natural gas. The amount of the goods in transit exemption for this year is normally based on the percentage of your inventory made up by such goods last year. This application covers property you owned on January 1 of this year (or September 1 of the preceding year if you receive September 1 inventory appraisal). You must file the completed form between January 1 and no later than April 30 of this year. You may file a late application up to midnight the day before the appraisal review board approves the appraisal records for the year. Approval usually occurs in July. If you do file a late application and your application is approved, you must pay a penalty equal to 10% of the tax savings resulting from the freeport exemption. Be sure to attach any additional documents requested. You must apply for the exemption in each year you claim entitlement.

| | | | |
|---|---|---|------------------------------|
| Step 1: Owner's name and address | Owner's name | | |
| | Current mailing address | | |
| | City, state, ZIP Code | | Phone (area code and number) |
| | Name of person preparing this application | Driver's License, Personal I.D. Certificate, or Social Security Number* | Title |

| | | | |
|--|--|--|------------------------------|
| Step 2: Authorized Agent's Name | Authorized agent's name (if different for above) | | |
| | Mailing address | | |
| | City, state, ZIP Code | | Phone (area code and number) |

| | | |
|--|--|---|
| Step 3: Describe the property | Appraisal district account number | Give appraisal roll account number if available 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. |
| | Location of inventory (street address, city, ZIP Code) | |
| | Give a general description of the types of items in this inventory. (use additional sheets if necessary) | |

| | | | |
|--|--|--|----|
| Step 4: Answer these questions about your property | <i>For the purposes of this application, "inventory" means your inventory of finished goods, supplies, raw materials and work in process.</i> | | |
| | Will portions of this inventory be transported out of state this year? Yes <input type="checkbox"/> No <input type="checkbox"/> | | |
| | Have you applied for appraisal of your inventory on September 1? Yes <input type="checkbox"/> No <input type="checkbox"/> | | |
| | Were portions of your inventory transported out of this state throughout last year? Yes <input type="checkbox"/> No <input type="checkbox"/> 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. | | |
| | 1. Give the total cost of goods sold for the entire year ending December 31, _____ | | \$ |
| | 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. | | \$ |
| 3. On what types of records do you base the amounts given above? (Check as many as apply.) | | | |
| <input type="checkbox"/> Audited financial statements <input type="checkbox"/> Sales records <input type="checkbox"/> Internal reports <input type="checkbox"/> Bills of lading <input type="checkbox"/> Texas franchise tax reports <input type="checkbox"/> Other (describe) _____ | | | |
| 4. Percentage of last year's inventory value represented by freeport goods (divide 2 by 1). | | % | |
| 5. Will the percentage of goods transported out of Texas this year be significantly different than the percentage transported out last year? | | Yes <input type="checkbox"/> No <input type="checkbox"/> | |

| | | |
|---|---|------|
| (continued) Step 4: Answer these questions about your property | 6. If "YES," why? _____ _____ _____ | |
| | 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)? | \$ |
| | 8. What is the value of the inventory you claim will be exempt this year? | \$ |
| Step 5: Sign the form | I certify that the information in this document and all attachments is true and correct to the best of my knowledge and belief. | |
| | sign here  | Date |
| | 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. | |

* You are required to give us this information on this form, in order to perform tax related functions for this office. Section 11.43 of the Tax Code authorizes this office to request this information to determine tax compliance. The chief appraiser is required to keep the information confidential and not open to public inspection, except to appraisal office employees who appraise property and as authorized by Section 11.48(b), Tax Code.

OTHER IMPORTANT INFORMATION

After you file this application, your chief appraiser may require additional information from you before granting the freeport exemption. You must provide the additional information within 30 days of the request. If you provide the information after the 30 day deadline has passed, you may still qualify for the freeport exemption. However, you must pay a penalty equal to 10% of the tax savings resulting from the freeport exemption. If you do not provide the information requested, you forfeit the right to receive the exemption for this year.



Collin Central Appraisal District

FREERPORT EXEMPTION APPLICATION INFORMATION

Enclosed is the current tax year's Freeport Exemption Application. Under Section 11.43 of the Texas Property Tax Code, a person must file an exemption application form between January 1 and **April 30** and furnish the information required by the form **each** year the person claims entitlement to the exemption.

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 acquire them or bring them into Texas; (2) are in Texas for assembling, storing, manufacturing, repair, maintenance, processing, or fabricating purposes. The exemption does not apply to oil, natural gas, or liquids or gases that are immediate derivatives of refining oil or natural gas.

To avoid delays in processing the application, please include copies of all original records used to complete the application. This includes: financial statements (year ending income statements, balance sheets, and trial balance sheets for the previous calendar year); inventory controls; any other internally prepared reports denoting the source of the information. Summarizations will be accepted **only with original supporting documentation**. All reports should pertain to **this business location in Collin County** only. Below is a list of the requested information:

1. Total Cost of Goods Sold or transported during the preceding calendar year (as shown on the year ending income statement).
2. Total Cost of Goods Sold or transported out of Texas during the preceding calendar year (summarized by state and/or country).
3. Monthly ending inventory value at cost for each calendar month of the preceding calendar year (Monthly Inventory Control Report).
4. Inventory value at cost on January 1 of this year (or September 1 of last year, if applicable). Inventory is to be reported on a **FIFO** basis.
5. Year ending income statement and balance sheet.

The enclosed affidavit should accompany all documents and **must be signed by an owner or officer of the company**.

The exemption application will not be approved if the property owner fails to submit the required information. If the required information is not received in a timely manner, the property owner may be subject to a late penalty or forfeit the right to claim or receive the exemption for this year. Your cooperation in providing these documents with the exemption application will help expedite the application process.

Note: The rendition extension does not apply to the Freeport Exemption application.

Should you have any questions, please contact Brad Richards, BPP Appraisal Manager, at (469) 742-9340 or by email at brad.richards@cadcollin.org.



Collin Central Appraisal District

FREEPORT EXEMPTION WORKSHEET

DBA _____

Account Number _____

Important Information:

- All data furnished from Accounting Records must be for the preceding calendar year.
- Items 1a, 1b, 2 & 4 must be proven by copies of Accounting records.
- Items 1a, 2, 3, 4 & 5 must be entered on the application.
- Please attach a copy of this worksheet to your documentation.

1. Inventory Turns Calculation:

1a. Annual Cost of Goods (**cannot be sales**) sold during preceding calendar year for this business location in Collin County: _____ (A)

1b. Enter month ending Inventory for each calendar month (omit cents) for this business location in Collin County:

| | | | |
|-----------|-----------|-----------|-----------|
| Jan _____ | Apr _____ | Jul _____ | Oct _____ |
| Feb _____ | May _____ | Aug _____ | Nov _____ |
| Mar _____ | Jun _____ | Sep _____ | Dec _____ |

1c. Sum of January through December month ending Inventories: = _____ (C)

1d. Average Annual Inventory Calculation:

_____ (C) divided by 12 months = _____ (D)

1e. Inventory Turns:

_____ (A) divided by _____ (D) = _____ (E)

365 days divided by _____ (E) = days (F)

Note: Item (F) must be within 175 days to qualify for the Freeport Exemption.

2. Enter total Cost of Goods (**cannot be sales**) shipped out of Texas from this business location in Collin County: = _____ (2)

3. Freeport Percentage Calculation:

_____ (2) divided by _____ (A) = _____ (3)

4. Enter January 1 Inventory Cost (or September 1 of last year, if applicable) for this business location in Collin County: = _____ (4)

5. Freeport Inventory Calculation:

_____ (4) multiplied by _____ (3) = Exempt Inventory (5)



Collin Central Appraisal District

FREEMPORT EXEMPTION DOCUMENTATION AFFIDAVIT

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 _____ pages and described as _____, are a complete, true and accurate reflection of the official books and records of this company as of this _____ day of _____, _____.

Date

Account Number

Signature

Type or Print Name

Title

Company Name

SUBSCRIBED AND SWORN before me on this _____ day of _____, _____.

Notary Public

Type or Print Name

My commission expires _____
Date