

Re: Freeport or Goods-In-Transit Exemption Application and Associated Forms

Dear Applicant:

The Texas Property Tax Code requires that Freeport and Goods-In-Transit exemption applicants file each year the entitlement is claimed. Enclosed are your Tarrant Appraisal District (TAD) Freeport or Goods-In-Transit exemption application and associated forms for this tax year.

Each year billions of dollars of property are exempted from taxation in Tarrant County as a result of Freeport and Goods-In-Transit properties. TAD takes seriously its responsibility to fairly administer these valuable exemptions, and as such, requests that certain original records of the owner of the inventory (unless noted otherwise below) be submitted along with and in addition to your completed application form. These are:

- Month-end Balance Sheets for January through December of the preceding calendar year reporting inventory on a FIFO basis (if consolidated, include the local equivalent specific to this location)
- Income Statement for the preceding calendar year ending December 31st (if consolidated, include the local equivalent specific to this location)
- Detailed and summarized Sales Reports reflecting the Cost of Goods Sold specific to this location for the preceding calendar year presented and subtotaled by the sales destination state(s) and/or nation(s)
- The enclosed "Freeport or Goods-In-Transit Exemption Worksheet" completed with information specific to this location
- The enclosed "Freeport or Goods-In-Transit Exemption Documentation Affidavit of the Property Owner"
- Written statement regarding your inventory and/or business operations which would explain a particular aspect, omission, modification, and/or addition to the information above

If this information is not provided in full at the time of application, the exemption may be modified or denied. Incomplete application forms will not be processed. Application forms that contain data that is not related to the current appraisal year will be considered incomplete.

The completed exemption application must be filed with the Tarrant Appraisal District before May 1st. For the Freeport Exemption only, you may file a late application not later than June 15th. See Texas Property Tax Code Section 11.4391 for penalties that may result.

If you have any questions or concerns, please contact the Business Personal Property department at (817) 595-6082 to speak with an appraiser regarding your account.

Sincerely,
Business Personal Property, Minerals and Utilities Department

Enc: Freeport or Goods-In-Transit Exemption Application, Freeport or Goods-In-Transit Exemption Worksheet, Freeport / Goods-In-Transit Exemption Documentation Affidavit of the Property Owner, A Comparison of the Freeport and Goods-In-Transit Exemptions



Tarrant Appraisal District

2500 Handley-Ederville Road

Fort Worth, Texas 76118-6909

(817) 595-6082

APPLICATION FOR EXEMPTION OF GOODS EXPORTED FROM TEXAS

("Freeport Exemption")

NAME OF BUSINESS

OWNER NAME

MAILING ADDRESS

Account Number:

Tax District Code:

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, natural gas or to liquid gases that are immediate derivatives of refining oil or natural gas. The amount of the Freeport 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 not later than June 15th. 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 (number and street)	
	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 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. <i>(use additional sheets if necessary)</i>	
Step 3 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?..... <input type="checkbox"/> Yes <input type="checkbox"/> No	
	Have you applied for appraisal of your inventory on September 1?..... <input type="checkbox"/> Yes <input type="checkbox"/> No	
	Were portions of your inventory transported out of this state throughout last year?..... <input type="checkbox"/> Yes <input type="checkbox"/> No	
	If "NO," 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 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? <i>(Check as many as apply)</i>	
	<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 <i>(describe)</i> _____	
	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? <input type="checkbox"/> Yes <input type="checkbox"/> No		
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 4 Sign the form	NOTE: The chief appraiser may require you to provide records to support the statements in this application. If so, you must supply the records within 30 days of the date of the written request. If you do not do so, you forfeit the right to receive the exemption for this year.	
	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		
Under the Texas Penal code, Section 37.10, if you make a false statement on this application, you could receive a jail term of up to 1 year and a fine of up to \$3,000, or community correctional facility confinement of up to 1 year, or a prison term of 2 to 10 years and a fine of up to \$10,000.		



Tarrant Appraisal District Freeport Exemption Worksheet

1. Inventory Turn Calculation:

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

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

JAN \$ _____ APR \$ _____ JUL \$ _____ OCT \$ _____

FEB \$ _____ MAY \$ _____ AUG \$ _____ NOV \$ _____

MAR \$ _____ JUN \$ _____ SEP \$ _____ DEC \$ _____

(C) Sum of January through December month-ending inventory costs: = \$ _____ (1.C)

(D) Average annual inventory calculation:

\$ _____ (1.C) divided by 12 (or # of months at [1.B] above) = \$ _____ (1.D)

(E) Inventory turns:

\$ _____ (1.A) divided by \$ _____ (1.D) = _____ turns (1.E)

365 days divided by _____ turns (1.E) = _____ **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: = \$ _____ (2)

3. Exemption percentage calculation:

\$ _____ (2) divided by \$ _____ (1.A) = _____ % (3)

4. January 1st inventory cost (or September 1st of last year, if applicable): = \$ _____ (4)

5. EXEMPT INVENTORY CALCULATION:

\$ _____ (4) multiplied by _____ % (3) = \$ _____ (5)
EXEMPT INVENTORY

Business Name _____

TAD Account Number _____



Tarrant Appraisal District
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 Name

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

Notary Public

Type or Print Name

My commission expires _____
Date

A COMPARISON OF THE 'FREEPORT' AND 'GOODS IN TRANSIT' EXEMPTIONS

Requirements, Actions, and Deadlines	Freeport	Goods In Transit
The property claimed as exempt must be owned by the applicant on January 1st of the tax year.	Yes	Yes
The property must have been acquired within or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes.	Yes	Yes
The property is to be forwarded to a final destination: a) <i>outside</i> of Texas. b) <i>inside</i> of Texas.	Yes	Yes
	No	Yes
The property must be detained at a location in Texas that is neither directly nor indirectly owned by the owner of the inventory.	No	Yes
The property is to be transported not later than 175 days after the date the owner acquired it or imported it into Texas.	Yes	Yes
The property meets the requirements of this exemption whether it's the January 1st owner or another party that transports the property within 175 days.	Yes	Yes
Application must be made annually.	Yes	Yes
The completed exemption application form must be filed before May 1st.	Yes	Yes
An application may be filed after the deadline for filing it has passed if it is filed before the date the appraisal review board approves the appraisal records.	Yes	No
Official action to tax the goods exempted must be taken before January 1st of the first tax year in which the governing body proposes to tax the exempted goods.	Yes	Yes
Once the governing body has acted to tax the goods exempted, they may later act to exempt the now taxable property for a subsequent tax year.	Yes	Yes
The governing body may act to rescind their previous action to exempt the taxable property.	No	???

Note: Property which receives an exemption from taxation as "Goods In Transit" is not eligible to also receive an exemption from taxation as "Freeport" goods.