



Denton Central Appraisal District
3911 Morse Street
Denton, TX 76208

 (940) 349-3800
 www.dentoncad.com

Freeport Exemption Application Process

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 **Denton 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.

Freeport Exemption Worksheet

DBA Name Account #

Instructions:

- All data furnished from accounting records must be for preceding calendar year.
- Items 1a, 2, e, 4, & 5 must be entered on the exemption application.
- Copies of accounting records must be provided for items 1a, 1b, 2, & 4.
- Attach a copy of this worksheet to your supporting documentation and exemption application.

1. Inventory Turns Calculation:

a. Annual Cost of Goods sold (not sales prices) during the preceding calendar year in Denton County. _____ (A)

b. Enter the month ending inventory (omit cents) for each calendar month for this business location.

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

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

d. Average Annual Inventory Calculation:
 _____ (C) /12 months = _____ (D)

e. Inventory Turns:
 _____ (A) / _____ (D) = _____ (E)
 365 Days / _____ (E) = _____ (F*)

***Item (F) must be within 175 days to qualify for the Freeport Exemption**

2. Total Cost of Goods (not sales) shipped out of Texas from business location: = _____ (2)

3. Freeport Percentage Calculation:
 _____ (2) / _____ (A) = _____ (3) %

4. Jan. 1st Inventory Cost (or Sept. 1st of last year, if applicable) for this location: = _____ (4)

5. Freeport Inventory Calculations:
 _____ (4) X _____ (3) % = _____ (5) Exempt Inventory

**Denton Central Appraisal District
Freeport 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

Signature

Account Number

Type or Print Name

Title

Company Name

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

My commission expires _____
Date