

INSTRUCTIONS FOR COMPLETING AND FILING STATEMENT OF PREMIUM TAXES AND FEES PROPERTY AND CASUALTY COMPANIES

1. Read these instructions carefully before completing the Statement of Premium Taxes and Fees. If there are any questions regarding this filing, contact the Premium Tax Section at (208) 334-4282, or (208) 334-4281.
2. Each authorized insurance company shall file a Statement of Premium Taxes and Fees regardless of whether any insurance business was transacted in Idaho during the year. Each formerly authorized insurer, with respect to insurance transacted while an authorized insurer, shall file a statement for any renewal premiums received during the calendar year. Enclose a written notice if transferring policies from one insurer to another insurer because it also transfers the tax obligation with respect to those policies. Idaho Code § 41-402.
3. The Tax Statement and remittance are due on or before March 1. The required state documents and Tax Statement can all be submitted in one package either by groups or individual company. When the due date falls on a Saturday, Sunday or a legal holiday, the postmark on the next business day is considered filed on time. However, any postmark after the next business day will be penalized from the original due date. Idaho Code § 41-404 and § 63-217.

Late filing of the statement and remittance will result in a penalty of \$25.00 for each day of delinquency as determined by an official postmark.

Electronic Fund Transfer (EFT) payments that are not in the correct bank account on the due date, will be assessed a late penalty.

Only an official U.S. Postal Service cancellation postmark on the envelope, rather than private postage meter stamp, shall qualify as proof of timely mailing. If a carrier service is used, the mailing date will be determined by the package pick-up date, not the delivery date.

4. **To avoid a lost payment, attach the check for the balance due to the front of Page 1.** If payment is being processed by the Electronic Funds Transfer (EFT) method, indicate so under Line 8-Amount Enclosed. Make sure when transmitting payment by EFT, it is sent to the correct **premium tax type code (07170)** for the Department of Insurance. Late penalties will be assessed if payment is not in the correct bank account on the due date. An EFT authorization approval should have been acquired prior to using this method. If you need an authorization form, contact this office at a telephone number in Item 1 above.

5. Requests for extensions or exemptions beyond the regular due date from filing the annual statement, will not be required providing approval was granted by the domiciliary state and NAIC has been notified. Extensions beyond 30 days will require written request for extension and domiciliary approval. However, the Annual Continuation Fee **MUST** be submitted with the Statement of Premium Taxes and Fees on or before March 1.
6. **Original signed tax forms must be submitted.** If you need additional instructions or forms, contact this office at a telephone number listed in Item 1. Idaho Code § 41-402 (1).
7. Use Annual Statement Page 3 Liabilities, Surplus and Other Funds, Idaho Business Page, and Schedule T to gather reporting information. Tax statement and continuation fee must be filed regardless of negative premiums or if no business was written.
8. **PAGE 1 - RECAP OF TAXES AND FEES**
 - A. The Idaho Certificate of Authority Number (C/A No.) box must be completed. Enter your Company NAIC Identification Number in the box provided. The company name, address, and state of domicile must be completed as all tax forms, refunds, and correspondence will be sent to this address.
 - B. Line 1 - Tax Due. Carry forward only the higher aggregate retaliatory tax amount calculated on Page 8, Schedule E Line 5 either Column A or B.
 - C. Line 2 – Less Premium GA Tax Credit from Schedule 8, Line 3A. Tax Credits cannot exceed the premium tax liability.
 - D. Line 3 - Less Total Worker's Compensation Premium Tax Credits from Schedule 7, Line 6. Tax Credits cannot exceed the premium tax liability.
 - E. Line 4 - The amount of quarterly prepayments must agree with actual prepayment amounts paid each quarter. **DO NOT ROUND AMOUNTS** unless you did so when paid.
 - F. Line 5 - Total of Line 1 less Lines 2, 3 and Line 4. If the tax credits and estimated quarterly prepayments paid toward your tax obligation exceed the total premium tax amount due for the calendar year end, **you must still submit payment of required continuation fee**. If the amount on Line 5 is negative, this same amount should be carried forward to Line 9 - Refund Due for Tax Overpayment. Any refund due for the overpayment of premium taxes will be mailed to the company address indicated above after your company's statement has been completely audited. Tax overpayments cannot be applied toward continuation fee or future quarterly tax prepayment obligations. Idaho Code § 41-402 (10).
 - G. Line 6 - Annual Continuation Fee. Idaho Code § 41-324, Idaho Insurance Rule 44 (IDAPA 18.01.44). To determine correct fee amount, use surplus amount reported on Annual Statement, Page 3, Line 37. Payment of required fee **MUST** be included. If required fee is not being paid you must attach a written explanation.
 - H. Line 7 - Calculate if a penalty will be due based on the official postmark date. A late penalty is assessed if Electronic Fund Transfer (EFT) payment is not in the correct bank account on the due date.

- I. Line 8 - Amount Enclosed. Add Lines 5 thru 7. **If the tax amount on Line 5 is a negative amount, do not include it with the addition of fee due. Do not apply tax overpayment to payment of fee. Payment of required fee must be enclosed.**
 - J. Line 9 - Refund Due. This is the negative tax amount calculated on Line 5. Per Idaho 41-402A. Refunds. ...No such refund shall be paid after one (1) year from the due date of the statement required in section 41-402(4), Idaho Code, unless before the expiration of such period a written claim is filed therefore by the insurer on such forms and in such manner as is prescribed by the director.
 - K. The Tax Statement must be signed and dated by an Officer of the company. By your signature, being duly sworn upon oath, you declare that the premium tax report is a complete, true and correct statement of all premiums and fees on business written by said company for the reporting year ending on insurance or property or risks resident or located in Idaho. Unsigned forms will be considered incomplete.
 - L. All questions concerning this Tax Statement will be directed to the contact person; therefore, include a direct telephone number with extension and E-mail address.
9. PAGE 2 - SCHEDULE A - COMPUTATION OF PREMIUM TAX – PROPERTY AND CASUALTY (EXCLUDING ACCIDENT AND HEALTH)

Premiums Written for Federal Purchasing Groups MUST be reported for amounts equal to the premiums written for all Purchasing Group members located in the state. This number will be verified with Premium Volume Reports submitted by each Purchasing Group. You will be contacted if totals do not agree.

- A. Line 1. Must agree with premium as reported on the Idaho Business page. A complete explanation of any differences between the Tax Statement and Annual Statement schedules must be submitted and signed by the person authorized by the company to prepare this Tax Statement.

Line 1A. Report total premiums written through Associations, Trusts or Groups that are sited in a state other than Idaho but are for residents or risks located in Idaho and have been reported on Schedule T as premiums written in a state other than Idaho. **Must enter an amount even if zero. Idaho law does not permit an exemption based on the Rule of 500 or any other allocation method.**

- B. **For Bail Bond Premiums that are reported net on Schedule T and/or state business page** per your domicile state permitted practice SSAP No 053 Bail Bond reporting, ADD the difference between net reported and gross written for bail bond premium in the state of Idaho.

- C. Total premiums add line 1,1A and B.

- D. Line 2 must be completed only by Idaho domestic insurers. Enter total premiums minus dividends shown on an attached SUPPLEMENT 1 - BUSINESS IN JURISDICTIONS NOT LICENSED.
- E. On Line 4 itemize and identify premiums exempt under state law and/or preempted by federal law.
10. PAGE 3 - SCHEDULE B - COMPUTATION OF PREMIUM TAX - ACCIDENT AND HEALTH

- A. Line 1. Must agree with premium as reported on the Idaho Business page. A complete explanation of any differences between the Tax Statement and Annual Statement schedules must be submitted and signed by the person authorized by the company to prepare this Tax Statement.

Line 1A. Report total premiums written through Associations, Trusts or Groups that are sited in a state other than Idaho but are for residents or risks located in Idaho and have been reported on Schedule T as premiums written in a state other than Idaho. **Must enter an amount even if zero. Idaho law does not permit an exemption based on the Rule of 500 or any other allocation method.**

- B. Line 2 must be completed only by Idaho domestic insurers. Enter total premiums minus dividends shown on an attached SUPPLEMENT 2 - ACCIDENT AND HEALTH BUSINESS IN JURISDICTIONS NOT LICENSED.
- C. On Line 4 itemize and identify premiums exempt under state law and/or preempted by federal law.

11. PAGE 4 - SCHEDULE C – SELF-FUNDED PLANS

Each self-funded plan that is not preempted by ERISA and is not exempt from registration under Idaho Code § 41-4003(2) is required to pay a four cent (\$.04) per month per beneficiary tax for all beneficiaries working or residing in this state, per Idaho Code § 41-4012(1).

If the administrator is collecting this tax on behalf of the employer plan, then the administrator should submit a Schedule C form for **each** administered self-funded plan, along with the correct tax payment. If the administrator is not collecting this tax, please forward the Schedule C form to each self-funded plan's Trustee.

Examples of self-funded plans not preempted by ERISA and that are required to pay the tax unless exempted by Idaho Code § 41-4003(2) are:

- A plan for a governmental entity (29 U.S.C. 1003(b)(1).
- A church plan (29 U.S.C. 1003(b)(2).
- An unfunded excess benefit plan (29 U.S.C. 1003(b)(5).
- A self-funded Multiple Employer Welfare Arrangement.

Examples of self-funded plans exempt from registration pursuant to Idaho Code § 41-4003(2) and therefore not liable for the tax include:

- Any plan established and maintained for the purpose of complying with any workers' compensation law or unemployment compensation disability law.
- Plans administered by or for the federal government or any agency thereof, or by or for any county in this state.

12. PAGE 5 - SCHEDULE D – DENTAL PLANS

- A. Include all dental premiums on Page 3, Line 1, premium must agree with Annual Statement Schedules. The change in Idaho Code 41-402 (9) effective July 1, 2007, requires dental plan premiums to be taxed at the \$.04 tax rate. Total premiums are to be shown on Page 4 and also deducted from the premium tax base on Page 3, Line 4C.
- B. Report dental premiums for each individual insured, group certificate holder, or blanket policy participant per month and calculate the \$.04 tax due.

13. PAGE 6 – SCHEDULE 7 - WORKER'S COMPENSATION TAX CREDIT

- A. All worker's compensation insurers must pay a 2.00% premium tax on Idaho premiums written to the Idaho Industrial Commission. Insurers are allowed to offset 50% of this tax against the worker's compensation tax liability with the Department of Insurance. Do not confuse the premium taxes paid to the Industrial Commission at the 2.00% rate with the additional Department of Insurance 1.50% premium tax rate. The tax credit can only offset the worker's compensation premium tax liability and cannot be allowed against any other lines of insurance. Idaho Code § 72-523.
- B. Report SEMI-ANNUAL Industrial Commission Net Premiums Written. Enter the same amounts as reported on the June and December Semi-Annual Report of Premiums filed with the Idaho Industrial Commission. Only 50% of your company's worker's compensation premium tax paid to the Industrial Commission semi-annually is allowed for deduction against premium taxes. Report minimum payments of \$75.00 if applicable.
- C. Lines 4 and 5 - Department of Insurance calculation of worker's compensation premium tax liability. The tax credit can never exceed the worker's compensation premiums tax liability at 1.50% or the retaliatory tax rate. If the 1.50% worker's compensation tax is less than the allowable \$150.00 minimum, the lesser amount must be used as the credit. **If no worker's compensation premiums were written, no credit can be taken. .**
- D. The sum of the Idaho Industrial Commission Worker's Compensation Credits cannot exceed the total premium tax liability (Page 8, Schedule E, Line 5, Column A or B, whichever is greater).

14. PAGE 7 - SCHEDULE 8 – CLASS B ASSESSMENTS 2011 & 2015

- A. Read these instructions carefully before completing Schedule 8. If you have any questions, contact the Premium Tax Section at (208) 334-4282, (208) 334-4281, or (208) 334-4280.
- B. Each authorized insurance company filing a Statement of Premium Taxes and Fees and requesting Tax Credits on Page 1 - must complete and attach only those schedules where tax credits are being requested. Total tax credits cannot exceed the calculated premium tax liability.
- C. Each formerly authorized insurer, with respect to insurance transacted while an authorized insurer, shall file a statement on renewal premiums received during the calendar year. The effect of transferring policies from one insurer to another insurer is to transfer the tax obligation or credit with respect to the policies. Before credit can be taken for a company other than the company shown on the original Certificate of Contribution, an explanation must be attached. Idaho Code § 41-402 (1) (5).
- D. Schedules are in date order by the Notice of Assessment, Certificate of Contribution, and each assessment is listed by company in the same order as on the Certificate. Do not attach a copy of checks or Certificate of Contributions. They will be requested only if a discrepancy is discovered.
- E. Enter only the actual tax credit amount being requested for each individual company assessment. Do not report the actual amounts paid to the Guaranty Association. The Guaranty Association provides us with the amount and date each assessment is paid. Credits can only be taken for Class B assessments paid.
- F. Do not confuse calendar year paid with tax year. For example: If a Notice of Assessment dated November 2000 was paid before calendar year ending 2000 (A. Portion Paid in 2000), it can be included as a credit for 2000 on the Tax Statement due March 2001. However, if any portion of this assessment was not paid until 2001 (B. Portion paid in 2001), then only that portion would be included as a credit for 2001 on the Tax Statement due March 2002.
- G. A credit of twenty percent (20%) of your assessment is allowed for each of the five (5) calendar years following the calendar year in which the assessment was paid. The 20% credit or portion thereof not used in any calendar year cannot be carried forward or back to another year. Idaho Code § 41-4313
- H. An assessment expires five (5) calendar years following the calendar year in which the assessment was paid. Refer to the expiration dates listed on each assessment.

15. PAGE 8 - SCHEDULE E - COMPUTATION OF RETALIATORY TAXES

MUST BE INCLUDED WITH RETURN

Idaho Code § 41-340(2) and (3)

- A. This schedule determines the higher aggregate of taxes due. For audit verification, we may be contacting the various state insurance departments, using copies of the domicile state's tax statements or the NAIC Retaliatory Guide.
- B. Taxes should be calculated on the retaliatory basis of what an Idaho company, doing the identical volume of business, would be required to pay to your state of domicile. Attach an explanation of calculations on taxes.
- C. Line 4, Column B - Other Taxes. All other taxes imposed by your state of domicile on foreign insurers must be reported **except**:
- Ad valorem taxes on real or personal property;
 - Personal income, capital or surplus taxes, and
 - Taxes imposed for a special purpose obligations or assessments on particular kinds of insurance.
- D. An explanation of retaliatory calculations will be requested for any discrepancies.