

INSTRUCTIONS FOR COMPLETING THE TEXAS ANNUAL INSURANCE PREMIUM TAX REPORT

(Licensed Companies and Miscellaneous Organizations)

Under Ch. 559, Government Code, you are entitled to review, request, and correct information we have on file about you, with limited exceptions in accordance with Ch. 552, Government Code. To request information for review or to request error correction, contact us at the address or toll-free number listed on this form.

Chapter 4 and Chapter 9, Texas Insurance Code (TIC), provide for the collection of an annual premium tax on gross premiums from January 1 through December 31. All licensed insurance companies, including reinsurers and HMOs, must file this report. Reinsurance Companies may file a zero report if they do not have any direct written premiums during the taxable year on property or risks located in Texas. The report and any additional payment are due on March 1 of each year for the preceding tax year or on the due date of your Annual Statement filed with the Texas Department of Insurance (TDI).

SPECIFIC INSTRUCTIONS

SECTION I: Life Insurance Premiums (TIC, Art. 4.11) and Health Maintenance Organization (HMO) Revenues (TIC, Art. 20A.33)

Item 1 Gross life premiums or HMO revenues - Enter the gross amount of life insurance premiums, membership fees, assessments, dues, and any other consideration received during the year for policies or contracts covering persons located in Texas; **OR** the gross amount of HMO revenues collected during the year for the issuance of HMO certificates or contracts covering persons living in Texas. The primary HMO is responsible for the tax on revenues when the HMO arranges for health care services directly or indirectly through contracts and subcontracts with other providers and physicians. Pursuant to House Bill 2292, 2003 Texas Legislature, Regular Session, premiums and revenues received from the State Treasury for insurance coverage on Medicaid and the Children's Health Insurance Program (CHIP) are subject to premium tax beginning September 1, 2003, and will result in a split tax year.

Item 2 Non-taxable premiums - Enter the total non-taxable life premiums or the total non-taxable HMO revenues from the appropriate column of the *Computation of Non-Taxable Premiums* worksheet (Form 25-205), Item 13, Column A or B.

Item 6 If the tax due is less than zero, enter the negative number.
& Item 9

SECTION II: Accident and Health Insurance Premiums (TIC, Art. 4.11)

Item 11 Gross accident and health premiums - Enter the gross amount of accident and health insurance premiums, membership fees, assessments, dues, and any other consideration received during the year for policies or contracts covering persons living in Texas.

Item 12 Employee contributions for benefit plans - Enter the total premiums received from insurers' employees for accident and health if **not included in Item 11**.

Item 13 Non-taxable premiums - Enter the total non-taxable accident and health premiums from the *Computation of Non-Taxable Premiums* worksheet (Form 25-205), Item 13, Column C.

Item 16 Total tax due - Life, Accident and Health insurance companies: If the total tax due is less than zero, enter the negative number. **Property & Casualty insurance companies writing accident and health insurance:** If the total tax due is less than zero, enter zero.

SECTION III: Property and Casualty Insurance Premiums (TIC, Art. 4.10) and Title Insurance Premiums (TIC, Art. 9.59)

Item 17 Gross property and/or casualty or title premiums - Enter the gross amount of **property and casualty** insurance premiums, membership fees, assessments, dues, and any other consideration written during the year for policies or contracts covering property or risks located in Texas; **OR** enter the gross amount of **title** insurance premiums, membership fees, dues, and any other consideration received during the year for policies or contracts covering property located in Texas. Both title agents and insurers are subject to the premium receipts tax; however, the State of Texas facilitates the collection of the premium tax on the premium retained by the agent by setting the division of the premium between insurer and agent so that the insurer receives the premium tax due on the agent's portion of the premium and remits it to the state.

Item 18 Non-taxable premiums - Enter the total non-taxable property and casualty premiums from the *Computation of Non-Taxable Premiums* worksheet (Form 25-205), Item 13, Column D.

Item 20 Tax rate - Property and Casualty insurers use 1.6% or .016.

Reciprocal and Interinsurance Exchange use 1.7% or 0.017, unless the insurer has filed an election to be taxed as a property and casualty insurer as provided in Article 4.11C, TIC.

Title insurers use 1.35% or .0135.

SECTION IV: Credits

Item 23 Credits - (TIC, Arts. 1.16, 1.28 (Art. 1.28 has been recodified as Title 6, Chapter 803), 3.40, 4.10, 4.11, 9.59, 20A.32). Enter the total of the examination expenses paid to the TDI, another State of Texas agency authorized to conduct an examination, or expenses paid to a third party *specifically required plus* as part of a TDI examination any overhead assessment paid to the TDI during the tax year. Credit will **not** be allowed for the following (reference TAC, Ch. 34, Sec. 3.830, (a)(1)):

- examination expenses incurred by representatives of the TDI that are directly attributable to an examination of the books, records, accounts, or principal offices of a domestic insurance company located outside this state;
- examination expenses or fees paid to a state other than this state; or
- examination expenses paid in a different tax year.

Domestic life insurance companies should also include the valuation fee paid on last year's *Annual Maintenance, Assessment and Retaliatory Report* (Form 25-102).

The credit is limited to the TOTAL PREMIUM TAX DUE on Item 22.

Item 24 Assessments Credits (TIC, Art. 9.48, 21.28-C, 21.28-D, 21.49, and 21.49-3) - Enter the guaranty assessment credit up to the PREPRINTED maximum available. **The credit is limited to the total premium tax due on Item 22 less the credit taken on Item 23.**

Item 28 Penalty and Interest (Subtitle B, Title 2, Tax Code, 111.060 and 111.061)

- 1-30 days late: Enter penalty of 5% (.05) of Item 27.
- 31-60 days late: Enter penalty of 10% (.10) of Item 27.
- Over 60 days late: Enter penalty of 10% (.10) of Item 27 **plus** interest. Calculate interest at the rate published online at <<http://www.window.state.tx.us>>, or call the Comptroller toll free at 1-877-44RATE4, for the applicable interest rate.

For Assistance: If you have any questions regarding Insurance Tax, you may contact the Texas State Comptroller's field office in your area or call 1-800-252-1387, toll free, nationwide. The Austin number is 512/463-4600. If you're calling from a Telecommunications Device for the Deaf (TDD), the toll-free number is 1-800-248-4099, or in Austin, 512/463-4621.