

GENERAL INSTRUCTIONS

Retaliatory taxes are assessed on those foreign or alien insurers, licensed and doing business in Texas, whose state of domicile would assess in total (aggregate) overall higher taxes, assessment and fee obligations on similar Texas insurers than Texas assesses on such insurers operating in this state. Similar Texas insurers are theoretical companies that could write the same types of coverage, such as "life, accident and health," "property and casualty," or "title" lines of insurance, as foreign or alien insurers doing business in Texas. A similar company is not required to be of the same size in premium writings or assets.

If the laws of the state of domicile provide for a reduced tax rate or a tax credit as an incentive for a company making investments, maintaining an office in the state, or some other similar requirement, those laws shall be applied in the same manner in Texas in order for the tax credit or incentive to qualify in their State of Incorporation, Column II of this worksheet. As an example, if a tax credit is available to a company making specific investments in that state, and if such similar types of investment requirements are proven to have been made in Texas, the company can show the credit for the appropriate item in Column II.

Article 27.05, Texas Insurance Code, provides premium tax exemption for a children's health benefit plan. Premiums for children's health benefit plans are **not** subject to premium, maintenance, or retaliatory taxes.

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, maintenance, and retaliatory taxes beginning September 1, 2003, and will result in a split tax year.

SPECIFIC INSTRUCTIONS

- Item 1 - Life premiums*** - Enter the amount of gross Life premiums.
- Item 2 - Life Deductions*** - Enumerate the Life deductions as authorized by the **State of Incorporation** on a separate schedule and attach to Worksheet.
- Item 4 - Tax Rate** - Column II, State of Incorporation - Enter the **BASIC RATE**** under the laws of the **State of Incorporation**. Enter the rate in decimal form.
- Item 7 - Accident & Health Premiums*** - Enter the amount of gross Accident and Health premiums.
- Item 8 - Accident & Health Deductions*** - Enumerate the Accident and Health deductions as authorized by the **State of Incorporation** on a separate schedule and attach to Worksheet.
- Item 10 - Tax Rate** - Column II, State of Incorporation - Enter the **BASIC RATE**** under the laws of the **State of Incorporation**. Enter the rate in decimal form.
- Item 12 - Annuities** - Annuities are not taxable in Texas. If annuities are taxed in the **State of Incorporation**, complete (12a), (12b) and (12c).
 (12a) **Taxable Annuities** - Annuity premiums less annuity deductions as authorized by the **State of Incorporation**.
 (12b) **Tax Rate** - Enter the **BASIC RATE**** under the laws of the **State of Incorporation**. Enter the rate in decimal form.
 (12c) Multiply taxable annuities in 12a by the rate in 12b.
- Item 13 - Property & Casualty Premiums*** - Enter the amount of gross Property and Casualty premiums.
- Item 14 - Property & Casualty Deductions*** - Enumerate the Property and Casualty deductions as authorized by the **State of Incorporation** on a separate schedule and attach to Worksheet.
- Item 16 - Tax Rate** - Column II, **State of Incorporation** - Enter the **BASIC RATE**** under the laws of the **State of Incorporation**. Enter the rate in decimal form.
- Item 18 - Title Premiums*** - Enter amount of gross Title premiums. For Column I (Texas), do not include the agent's portion of the "Division of Premium" per Article 9.59, Section 8(b), Texas Insurance Code. Also, note instructions for Item 26.
- Item 19 - Title Deductions*** - Enumerate the Title deductions as authorized by the **State of Incorporation** on a separate schedule and attach to Worksheet.
- Item 21 - Tax Rate** - Column II, **State of Incorporation** - Enter the **BASIC RATE**** under the laws of the **State of Incorporation**. Enter the rate in decimal form.
- Item 24 - Credits or Write-offs Authorized by State of Incorporation** - Enter the total amount of credits or write-offs if applicable and allowed in the **State of Incorporation**. **DO NOT INCLUDE** special purpose assessment credits, examination fees, or overhead assessments. **EXCEPTIONS:** Include all expenses paid to another state and allowed as a tax credit in Texas (enter on 24a). **A special purpose assessment is an assessment that is contingent upon an extraordinary event(s) that is not set at a fixed amount or rate by statute, and/or does not have a recurring timeframe (i.e., annually, monthly).**
- Item 26 - Other Taxes** - Enter corporate franchise taxes, income taxes, excise taxes, maintenance taxes, surtaxes, fire marshal, fire department, transportation, or any other taxes that are required and applicable in the **State of Incorporation**. For title insurer's maintenance taxes in Column I, do not include the taxes on the agent's portion of the "Division of Premium."
- Item 27 - Other Tax Credits or Write-Offs** - Credits or write-offs against other taxes are to be deducted in both columns, as applicable. **Do not include credits allowed by Texas or the State of Incorporation on special purpose assessments as defined in Item 24.**
- Item 28 - Other Fees -**
- Special purpose assessments, such as guaranty association assessments, high risk health pool assessments, joint underwriting association (JUA) assessments, windstorm association assessments, or other similar assessments (as defined in Item 24) **are not** to be included under either Column I or II.
 - Enter annual statement filing fee, examination fees, overhead assessment fees, maintenance fees, certificate of authority fee, or any other fees that are required and applicable in Texas (28a) or the **State of Incorporation** (28b).
 - Examination fees, overhead assessments and other miscellaneous fees and assessments paid to Texas or a company's state of incorporation that may be taken as premium tax credits over the current or subsequent years must not be listed in Column I or II, as applicable. Such payments to Texas are not subject to the retaliatory tax computations because they may be taken as 100% premium tax credits over the current or subsequent years except those expenses paid to another state and taken as credits against premium taxes in Texas.
- NOTE: Taxpayers incorporated in states that do not allow 100% premium tax credits on these fees or assessments must enter the amount that a similar Texas company would have been assessed in their state of incorporation during the previous tax year in the appropriate items in Column II. Such amounts may be reduced by the amount of premium tax credits allowed, if any.**
- The Automobile Theft Prevention Authority Assessment may be **recouped**, and thus, **must not be used** in Texas retaliatory tax computations.
 - The Volunteer Fire Department Assistance Fund Assessment may be **recouped**, and thus, **must not be used** in Texas retaliatory tax computations.
- Item 29 - Other Fee Credits or Write-Offs** - Credits or write-offs against other fees are to be deducted in both columns, as applicable. **Do not include credits allowed by Texas or the State of Incorporation on special purpose assessments.**

* Do not include adjustments allowed by State of Incorporation as a result of investments made in that state.

** Basic rate is the highest tax rate provided under an insurance tax statute.