



Insurance Premium Tax Newsletter

Issue 1, Volume 1

April 2015

Dear Client:

Ryan’s Insurance Premium Tax team is thrilled to provide you with the first edition of our complimentary quarterly newsletter outlining noteworthy recent tax developments in the premium tax arena. The Newsletter consists of two sections: “Enacted/Proposed Law” and “State-Issued Regulations.” Each section highlights developments of lasting importance to insurance companies; these developments provide only brief discussions. For your convenience, respective state citations and headnotes are also included.

Best regards,

D. Jordan Simms
Principal and Practice Leader
Insurance Premium Tax
972.934.0022
jordan.simms@ryan.com

Enacted/Proposed Law and State-Issued Regulations

Enacted/Proposed Law

Virginia 13VAC10-180. Rules and Regulations for Allocation of Low-Income Housing Tax Credits (amending 13VAC10-180-10, 13VAC10-180-50, 13VAC10-180-60). Effective date is January 2015.

Significant changes to several amended Virginia Housing Development Authority regulations, related to the low-income housing tax credit, include the following:

- (i) replace the definition of "revitalization area" with the definition of such term contained in the Virginia

IN THIS ISSUE: *(Click to access the Newsletter)*



Enacted/Proposed Law

1



State-Issued Regulations

2



Introducing Ryan’s Team of Contributors

5

Housing Development Authority Act;

- (ii) reduce the points awarded to developments located in revitalization areas;
- (iii) remove the point category for developments located in a qualified census tract because these developments automatically meet the revised definition of revitalization area;
- (iv) provide that maximum cost limits for developments do not include costs of installing electrical and plumbing hook-ups for dehumidification systems up to a maximum for such costs;
- (v) reduce the percentage of units required to be set aside at more restrictive rent or income limits to receive maximum points for imposing more restrictive limits;
- (vi) add a point category for developments applying for both 4.0% and 9.0% credits;
- (vii) in the non-competitive disability pool, reduce the minimum percentage of units to be marketed to people with disabilities required to earn points and, for developments receiving federal Housing and Urban Development Section 811 funding, create a minimum and maximum percentage of units to be marketed to people with disabilities required to earn points;
- (viii) add an additional point category for certain developments giving first preference to persons with intellectual or developmental disabilities;
- (ix) increase points for proximity to certain forms of public transportation for the Tidewater Metropolitan Statistical Area pool;
- (x) effective January 1, 2016, eliminate the point category for evidence of proper zoning and make such documentation a mandatory item;
- (xi) allow points for donated land or below market rate land leases in the subsidized funding point category; and
- (xii) make other miscellaneous administrative clarification changes."

State-Issued Regulations

Alaska Bulletin B 15-04. Annual Survey on Health Insurance.

"AS 21.06.110 requires the director to report on an annual basis 'statistical information regarding health insurance, including the number of individual and group policies sold or terminated in the state' and 'the annual percentage of health claims paid in the state that meets the requirements of AS 21.36.495(a) and (d).' In order to comply with this statutory requirement, all insurers licensed to transact health insurance business in Alaska must respond with a completed survey, or a statement that your company reported no direct premiums or paid claims on their annual statement, via email to the division at insinfo@alaska.gov by May 1, 2015."

Arkansas House Bill 1161. An Act to exempt a concierge service arrangement from the insurance laws of Arkansas, and for other purposes.

This act creates an exemption for concierge services similar to the one already in existence for Burial Associations and Health Sharing ministries. The Arkansas Insurance Code and rules promulgated by the Insurance Commissioner will no longer be applicable to Concierge service arrangements. "Concierge service arrangement' means a contractual agreement between a licensed healthcare provider and an individual to provide select medical services as specified under a medical arrangement for an established fee." This act will become effective 90 days after adjournment of the 2015 Legislature.

Arkansas Senate Bill 219. An Act to enact the state insurance department's general omnibus bill.

"To revise the applicability of certain laws to title insurance, to clarify the grounds for disapproving a premium rate form, to replace obsolete language concerning remittance of insurance premium tax, and for other purposes." This act will become effective 90 days after adjournment of the 2015 Legislature.

Connecticut Department of Revenue Information Publication 2014(15). Filing and Paying Connecticut Taxes Electronically.

"Generally, if you are required to file a tax return electronically, you are required to pay the associated tax by Electronic Funds Transfer (EFT). The Department of Revenue Services (DRS) will notify you of your requirement to file and pay electronically." Effective date is November 12, 2014.

Connecticut Department of Revenue Services Announcement AN 2015(1). Assessments refunded by the Connecticut Insurance Guaranty Association.

“This Announcement informs each insurer that is a member (member insurer) of the Connecticut Insurance Guaranty Association (CIGA) that on or before February 19, 2015, the member insurer must pay a portion of their recently refunded assessments, as described in this Announcement, to the Department of Revenue Services (DRS). Payment by Member Insurers Required On or Before February 19, 2015.”

Delaware Notice of Guaranty Fund Assessments Credit. All Insurers Subject to Guaranty Fund Assessments in Delaware.

“In 2013, the Delaware Insurance Guaranty Association issued a Class ‘C’ assessment to applicable companies. All assessments were paid during 2013, therefore premium taxes may be offset by 20% of the assessment value beginning in 2014. The Delaware Insurance Department no longer sends the Notice of Guaranty Fund Assessment Premium Tax Offset Allowance. Companies claiming credit for Class ‘C’ assessments MUST attach a copy of the Class ‘C’ Certificate of Contribution the company received from the guaranty association to the premium tax forms, or the credit will be denied.” The notice is dated December 2014 and was released January 20, 2015.

Florida Tax Information Publication 14B8-03. Updated Electronic Address/Jurisdiction Database for Determination of Insurance Premium Tax Situs. “Insurance companies use the updated Address/Jurisdiction Database at <https://pointmatch.state.fl.us> to assign premiums to the proper local taxing jurisdictions for purposes of the Firefighters’ and Police Officers’ Pension Trust Funds. The files contain changes that reflect annexations, new addresses, and other relevant changes submitted by the local jurisdictions. Insurance companies that would like to request a correction to the Address/Jurisdiction Database can do so by registering online at <https://pointmatch.state.fl.us>.”

Insurers should continue to report their local insurance premium taxes yearly on Schedules XII and XIII of their Insurance Premium Taxes and Fees Return (Form DR-908). Insurers must use the updated address/jurisdiction database available in October 2014 to report premiums for the 2015 calendar year. (Form DR-908 is due by March 1, 2016.) Although it is not required, insurers can use the updated Address/Jurisdiction Database available October 2014 to report premiums for the 2014 calendar

year. (Form DR-908 is due by March 1, 2015.) The effective date is January 2015 but can be used earlier.

Florida Rule 12B-8.003. Tax Statements, Overpayments.

“Tax returns and reports shall be made by insurers on forms prescribed by the Department. These forms are hereby incorporated by reference in this rule. Copies of these forms are available, without cost, by one or more of the following methods: 1) downloading the form from the Department’s Internet site at www.myflorida.com/dor/forms; or, 2) calling the Department at 1(800) 352-3671, Monday through Friday, 8:00 a.m. to 7:00 p.m. (Eastern Time); or, 3) visiting any local Department of Revenue Service Center; or, 4) writing the Florida Department of Revenue, Taxpayer Services, 5050 West Tennessee Street, Tallahassee, Florida 32399-0112. Persons with hearing or speech impairments may call the Florida Relay Service at 1(800) 955-8770 (Voice) and 1(800) 955-8771 (TTY).” Effective date is January 2015, for 2014 and going forward annual return/estimated payment tax forms.

Florida Surplus Lines Service Office Bulletin: 2015-01. Florida Surplus Lines premium tax related to Florida Public Charter schools.

“The purpose of this bulletin is to provide clarification concerning the applicability of the Florida Surplus Lines premium tax, service fee and policy assessments relative to Florida’s Public Charter Schools. The FLSO has recently received guidance from the Florida Department of Revenue and the Office of Insurance Regulation for determining whether a charter school is a Florida public school for purposes of receiving exemption from the surplus lines tax referenced in Section 626.932(4), F.S.” Effective February 26, 2015.

Florida Surplus Lines Service Office Bulletin: 2015-02. Discontinuation of Citizens 2005 Emergency Assessment.

“The purpose of this bulletin is to inform you that the Florida Office of Insurance Regulation (OIR) has directed the Florida Surplus Lines Service Office (FLSO), by order, to discontinue assessing the Citizens Property Insurance Corporation (CPIC) emergency assessment on applicable surplus lines policies issued or renewed with an effective date on or after July 1, 2015.”

Illinois Senate Bill 3366. An Act concerning regulation of the Illinois Insurance Code.

“Legislation has been enacted that amends the definition provisions relating to the Illinois retaliatory tax that is imposed on certain out-of-state insurance companies doing business in Illinois. The tax is applied when an out-of-state company’s state of incorporation imposes a

higher tax on Illinois insurance companies doing business in that state. The amended provisions state that the terms 'penalties,' 'fees,' 'charges,' and 'taxes' include the penalties, fees, charges, and taxes collected on a cash basis. Further, the term 'taxes' means the aggregate Illinois corporate income taxes paid during the calendar year for which the retaliatory tax calculation is being made, less the recapture of any Illinois corporate income tax cash refunds to the extent that the amount of tax refunded was reported as part of the Illinois basis in the calculation of the retaliatory tax for a prior tax year. However, the recaptured refund is limited to the amount necessary to make the Illinois basis equal to the out-of-state insurance company's basis in its state of incorporation for such tax year." Effective January 9, 2015.

Kentucky Bulletin 2014-03. Local Government Premium Taxes.

"Bulletin amends the Local Government Premium Tax Schedule and its list of tax payees and addresses originally published in Bulletin 2014-01. Corrects the tax rates for health lines of business in Danville and life lines of business in Worthington Hills, and changes the payee address for the City of Prospect. The corrected 2014-2015 Local Government Premium Tax Schedule and list of tax payees and addresses are both included." Effective July 2014.

Massachusetts Department of Revenue Technical Information Release 15-2. Limited Amnesty Program for Taxpayers with Certain Tax Liabilities.

"Section 12 of Chapter 2 of the Acts of 2015 provides that the Commissioner of Revenue shall establish a 60-day amnesty program during the fiscal year ending June 30, 2015 (the 'Amnesty Program') and determine the scope thereof. Pursuant to the grant of authority in

Chapter 2, the Commissioner has established a 60-day amnesty period commencing on March 16 and ending on May 15, 2015 (the 'Amnesty Period'), to encourage the payment of delinquent tax obligations to the Commonwealth. The Amnesty Program will apply to tax years or periods with respect to which a Notice of Assessment was issued by the Commissioner on or before January 1, 2015 and is limited to eligible taxpayers with existing tax liabilities for tax types (the 'Eligible Tax Types') that were not included among the tax types covered by the limited amnesty established under TIR 14-8 and section 264 of Chapter 165 of the Acts of 2014. These Eligible Tax Types include all corporate excise taxes imposed under G.L. c. 63 (corporate excise, financial institutions, insurance, public utilities, and banks), estate taxes imposed under G.L. c. 65C, fiduciary income taxes imposed under G.L. c. 62, and individual use tax on motor vehicles imposed under G.L. c. 64I. The Commissioner will notify taxpayers of their eligibility to participate in the Amnesty Program. Only those taxpayers to whom a Tax Amnesty Notice has been issued may be eligible."

Texas Regulatory Activity, Regulation TX 12/19/2014 Texas Register. Electronic Filing Requirement Reminder for Premium Taxes.

The Comptroller of Public Accounts amends electronic transfer of certain payments by certain taxpayers. Taxpayers who paid at least \$10,000, but less than \$100,000, in premium payments or taxes during the preceding state fiscal year, and who the Comptroller reasonably anticipates will pay at least that amount during the current state fiscal year, shall transfer all payments in that category of payments or taxes to the Comptroller by means of electronic funds transfer. Effective date is upon issuance.

Ryan Insurance Premium Tax Contributors

Contacts



Gary Johnson
Director – All States
Insurance Premium Tax
512.960.1102
gary.johnson@ryan.com



Sergy Chebotarev
Manager – All States
Insurance Premium Tax
860.249.7224
sergy.chebotarev@ryan.com

Ryan's Insurance Premium Tax Leadership

Ryan's Insurance Premium Tax practice delivers the most comprehensive, integrated suite of tax services uniquely tailored to meet the challenges facing large and mid-market insurance companies, including surplus lines. Our Insurance Premium Tax professionals understand the relationship between tax laws and the unique accounting, regulatory, and business environment of the insurance industry. Our combination of technical knowledge and industry specialization, backed by more than 45 global tax practice areas, delivers insurers a single-source solution for their business tax issues, which is unmatched in the industry today.

We understand the complex tax environment facing insurance companies. We understand the unique provisions of the tax codes in the jurisdictions where they conduct business. We stay current with the latest rulings and changes in tax law as they apply to the industry. And our efforts translate into significant tax savings, improved profitability, and greater efficiency. Our advisory services help insurance clients implement strategic tax planning and minimization strategies that improve overall performance across the tax value chain.

Contact



D. Jordan Simms
Principal and Practice Leader
Insurance Premium Tax
972.934.0022
jordan.simms@ryan.com