

INSTRUCTIONS FOR COMPLETING THE TEXAS ANNUAL INSURANCE PREMIUM TAX REPORT

(Licensed Companies and Miscellaneous Organizations)

Chapter 4, Texas Insurance Code (TIC), provides for the collection of an annual premium tax on gross premiums from January 1 through December 31.

The report and any additional payment are due on March 1 of the following 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.

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 11, Column A or B.

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, 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 your employees for accident and health insurance **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 11, Column C.

Item 16 Total tax due - Life, Accident and Health insurance companies: If total tax due is less than zero, enter the negative number. Property & Casualty insurance companies: If 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 casualty / title premiums - Enter the gross amount of property and casualty insurance premiums, membership fees, 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 written during the year for policies or contracts covering property located in Texas.

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 11, Column D.

Item 20 Tax rate - Property and Casualty insurers: Enter the appropriate tax rate from the Worksheet to Determine the Premium Tax Rate Using the Total Texas Investments to Similar Investments of Comparison State (Property and Casualty) (Form 25-202), Item 10, or 0.035.

Reciprocal and Interinsurance Exchange use 1.7% or 0.017.

Title insurers: Enter the tax rate from the Worksheet to Determine the Premium Tax Rate Using the Total Texas Investments to Similar Investments of Comparison State For Title Companies (Form 25-203), Item 6, or 0.02.

Item 20b Invest. ratio - Enter the appropriate investment ratio as computed on Form 25-202 (property & casualty), Item 9 or 25-203, Item 5 (title).

SECTION IV: Credits

Item 23 Credits - (TIC, Art. 1.16, 1.28, 4.10, 4.11, 9.59, and 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 as part of a TDI examination **plus** 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.**

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

Penalty: If any report is filed and the tax due is paid after the due date, enter penalty. If 1-30 days late, enter 5% of Item 27. If more than 30 days late, enter 10% of Item 27.

Interest: If any tax due is unpaid 61 days after the due date, enter 10% penalty and 12% interest per annum on the unpaid taxes.

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.