

REVISED
FILING INSTRUCTIONS FOR THE
VIRGINIA TAX PACKET
(PREMIUM LICENSE TAX/ASSESSMENTS REPORTS)
FOR YEAR ENDED DECEMBER 31, 2011

YOU ARE NOW REQUIRED TO FILE THE TAX PAYMENT VOUCHER AND SUBMIT A SINGLE CHECK IN PAYMENT OF ALL TAX AND ASSESSMENTS DUE. Any tax packet containing a payment and submitted without the TAX PAYMENT VOUCHER will be sent back to the insurer with instructions to file the Voucher. Penalty and interest WILL be applied to all payments received after the due date. The TAX PAYMENT VOUCHER can only be obtained from our website. See additional details under TAX PAYMENT VOUCHER section below.

We will no longer refund monies collected as a result of companies' failure to properly complete the Retaliatory Tax Report. See detailed information regarding the completion of the Retaliatory Tax Report under RETALIATORY TAX REPORT section below.

FORMS

The specific forms required to be filed by your company are listed by NAIC Number on this website only. After reading these instructions, you will enter your company's NAIC Number on the **Annual Tax Packet Download Acknowledgement** screen and click on **Look Up**. The forms will appear in link format. Click on the link and the actual form will appear. Forms may still be completed on-line, but must be printed out and mailed to the Bureau along with the Payment Voucher and one check for the total amount owed.

DO NOT FILE ANY FORM THAT IS NOT REQUIRED OF YOUR COMPANY. Any form and payment filed that is not required will NOT be returned.

All tax/assessment forms have been revised for 2011. **IT IS THE COMPANY'S RESPONSIBILITY TO MAKE SURE ALL FORMS ARE FILED.** If a form has not been listed on the tax packet link, it *usually* means the form is not required of your company. However, if the form has been required in the past, contact Joyce Jones, (804) 371-9096, to ascertain whether the form is still required. All forms are due on or before March 1, 2012. If the 1st falls on a Saturday, Sunday or holiday, the next business day is used as the due date. Virginia accepts the postmark date as timely filed.

ALL TAX/ASSESSMENT/GUARANTY FUND CREDIT CALCULATIONS MUST BE CARRIED OUT TO THE CENTS. PREMIUMS MUST BE SHOWN IN WHOLE DOLLARS.

MERGERS DURING 2011

Mergers are NOT recognized in Virginia the same date as in the home states of the merging companies. The merger is recognized and effective in Virginia on the date the appropriate paperwork has been accepted by the Clerk's Office of the State Corporation Commission, which then notifies the Bureau of Insurance of the merger.

IF THE MERGER IS EFFECTIVE IN VIRGINIA ANY TIME DURING 2011, ONLY THE SURVIVING COMPANY SHOULD FILE THE 2011 TAX PACKET. The surviving company must file combined tax/assessment forms that include the merging company's premium. A written request must be made to transfer any estimated tax/assessment payments made by the merging company during 2011 to the surviving company.

TAX PAYMENT VOUCHER – must be completed on-line via our website

A SINGLE check for the total of all amounts due is required. The AMOUNT DUE from each form must be entered on the Tax Payment Voucher. The check should be made payable to the TREASURER OF VIRGINIA and must exactly match the total amount due per the Voucher. **Overpayment amounts should NOT be shown on the Tax Payment Voucher.** Overpayments cannot be used to offset the total amount due.

The Tax Payment Voucher should not be filed if no payment is being made.

DO NOT SEND A COVER LETTER.

The letter is separated from the forms and provides no proof that all forms were filed.

DO NOT SEND TAX FORMS INSIDE THE ANNUAL STATEMENT/ANNUAL LICENSE RENEWAL PACKET.

DO NOT FILE THE TAX FORMS WITH THE ANNUAL STATEMENT OR ANNUAL LICENSE RENEWAL PACKET. The tax/assessment forms are **NOT** part of the Annual Renewal (Annual Statement) Packet. **Forms included with the Annual Statement/Annual License Renewal Packet and received in the Administrative Tax Unit after March 1 will be considered late.** The Premium License Tax Report is subject to a \$50 per day Late Form Filing Fine. All payments made subsequent to March 1 are also subject to penalty and interest. Any filing extensions granted for the Annual Statement **DO NOT APPLY** to the Premium License Tax/Assessment forms.

MAILING ADDRESS FOR ALL TAX PACKET FORMS AND PAYMENT

(DO NOT SEND ANNUAL STATEMENTS TO THESE ADDRESSES)

REGULAR MAIL

Wells Fargo/State Corporation Commission
TAA Insurance 2
P. O. Box 759064
Baltimore, MD 21275-9064

OVERNIGHT OR EXPRESS MAIL

Wells Fargo/State Corporation Commission
TAA Insurance 2
Lockbox 759064
7175 Columbia Gateway Drive
Columbia, MD 21046

If you are sending forms/checks via **CERTIFIED MAIL** or **OVERNIGHT OR EXPRESS MAIL**, you **MUST** write the Certified Article Number or the Tracking Number in the space provided in the "Preparer's Name" box. The Article/Tracking Number must appear on all forms submitted in that packet. This information will be used, when necessary, to verify receipt of forms.

REFUNDS

Overpayments shown on one form **CANNOT** be used to offset an amount due on another form. Overpayments should **NOT** be shown on the Tax Payment Voucher. Overpayments **CANNOT** be used to pay quarterly estimated payments for the upcoming year. All overpayments will be refunded in accordance with the appropriate Virginia Code section at a later date.

COMPUTER GENERATED FORMS

Computer generated forms must be approved **ANNUALLY** by the Bureau of Insurance prior to use. The software packages used to complete the tax packet must be updated each time the software company updates the program. If any form within the packet displays the incorrect Form ID number, the entire packet of forms will be returned to the company. Re-mailed tax packets postmarked after the due date will be considered filed late. The Premium License Tax Report **WILL BE SUBJECT TO THE LATE FORM FILING FINE OF \$50 PER DAY AND IT WILL NOT BE WAIVED.** The Tax Payment Voucher is **NOT INCLUDED** in the software packages and must be obtained from our website; however, it is considered a part of the tax packet. **THE BUREAU OF INSURANCE WILL NOT BE HELD RESPONSIBLE FOR ANY ERRORS THAT OCCUR DUE TO FILING COMPUTER GENERATED FORMS.**

The Bureau has approved forms generated by the following companies.

TriTech Software Development Corp.
740 E Campbell Road, Suite 400
Richardson, TX 75081

Eagle Technology Management, Inc.
1425 60th Street NE, Suite 400
Cedar Rapids, IA 52402

Corptax LLC
1751 Lake Cook Road, Suite 200
Deerfield, IL 60015

DIRECT GROSS PREMIUM INCOME

Includes:

all premiums, assessments, dues and fees collected, received or derived, or obligations taken therefor, from business in the Commonwealth of Virginia during the calendar year 2011. Reciprocal or inter-insurance exchanges shall include in this report the gross premium or deposit income collected, received or derived from and credited to the accounts of subscribers from business in Virginia during 2011, decreased by all returns for cancellation and all amounts returned to subscribers or credited to their accounts as savings.

Finance and Service Charges shown on Schedule T that are not included in direct written premium.

Uninsured Motorist Fund distribution as shown in the Annual Statement as automobile liability premium. It will be necessary to manually adjust the Annual Statement if this distribution was received after December 31st. The UM Fund premium is to be shown in the box on Line 1 of the Premium License Tax Report and Maintenance Assessment Report. Penalty and interest **will be due** if this amount is not shown and has to be added as additional premium during the audit.

DIRECT GROSS PREMIUM INCOME (cont.)

Fair Plan Premium as reported to you by the Virginia Property Insurance Association. This premium must be shown in the space provided under Line 1 of certain forms. It will be necessary to manually adjust the Annual Statement if this distribution was received after December 31st. Penalty and interest **will be due** if this amount is not shown and has to be added as additional premium during the audit.

Excess Workers' Compensation Insurance premiums shown on Line 17.3 of Page 19 of the Annual Statement. In the absence of such proper segregation of premiums, a reconciliation is required to be shown on each report it affects, accounting for excess liability premiums.

Cash Surrender Values used to purchase replacement policies are included as direct gross premium income. In the absence of proper reporting of such premiums, a reconciliation is required to be shown on each report it affects, accounting for cash surrender values.

A Total Taxable or Assessable Premium that is negative should be treated as zero. Negative premiums do not result in a refund. Only the amount of estimated payments can be refunded.

Excludes:

premiums received for reinsurance assumed from licensed insurance companies; premiums that provide life, accident and sickness insurance issued on a group basis insuring your employees, agents and representatives; Federal Employee Health Benefit Plan premiums; federally reinsured crop insurance premiums; Medicare Part D premium and Medicare Advantage premium and (on the Premium License Tax Report and Column B of the Retaliatory Tax Report ONLY) Workers' Compensation premiums.

Deductions:

cannot be taken for dividends paid nor on any other account except for premiums returned on canceled policies or on account of a reduction in rates or a reduction in the amount insured. Mutual insurers, other than life companies, may deduct refunds or returns made to policyholders otherwise than for losses.

CREDITS (to be shown on the Premium License Tax Report)

GUARANTY FUND ASSOCIATION CONTRIBUTIONS

(Do not submit the Guaranty Fund Credit Affidavit/Worksheet, if guaranty fund credit is not being requested.)

Guaranty Fund Credit Affidavit *AND* supporting Guaranty Fund Credit Worksheet (Form 51) must both be completed **ONLY** if a credit is shown on the Premium License Tax Report. Lines 1 – 10 of the Worksheet must be completed for each Certificate being shown for credit.

NOTE: Form 51 will be returned and considered not filed if it is not completed properly. Form 51 must be corrected and returned to the Bureau by the due date shown in the returning letter or credit will NOT be given. If Form 51 is not submitted with the tax packet by March 1, credit shown on the Premium License Tax Report will be denied upon audit of the Report. A formal written petition for correction of tax (pursuant to § 58.1-2030 of the Code of Virginia) will be required to obtain the credit.

Complete the FIT rate/benefit on the Worksheet in the initial year of credit carefully. This information can be changed ONLY in the next succeeding year if entered incorrectly in the initial year.

Guaranty Fund Credits in excess of the tax liability are not refundable nor can they be carried forward.

CREDIT WILL NOT BE GIVEN FOR ANY CERTIFICATE NOT SHOWN ON THE WORKSHEET.

The credits on Line 10 of the Worksheet must be totaled and shown in the box provided on the Affidavit. Credits must still be reduced by the appropriate FIT benefit. Staple the Affidavit and Worksheet(s) as one package. **DO NOT** staple it to the tax report. **DO NOT SUBMIT** copies of Certificates of Contribution. Complete the Affidavit carefully to ensure proper credit is taken.

OTHER CREDITS

Other allowable credits are listed below along with the applicable Code of Virginia cite. Code provisions must be strictly followed and appropriate documentation must be submitted with the report in order to receive credits.

Major Business Facility Job Tax Credit - § 58.1-439

Enterprise Zone Business Tax Credit - § 59.1-280

Retaliatory Tax Credit - § 58.1-2510

Historic Rehabilitation Credit - § 58.1-339.2

OTHER CREDITS (cont.)

Worker Retraining Tax Credit - § 58.1-439.6
Low-Income Housing Credit - § 58.1-435
Employees With Disabilities Tax Credit - § 58.1-439.11
Neighborhood Assistance Tax Credit - § 58.1-439.18

ESTIMATED PAYMENTS

Quarterly estimated tax and assessment payments are made per the Declaration of Estimated License Tax and Estimated Assessment (Form 60). Use the Declaration's Line 5, to determine the proper estimated payment to be included on the reports. **Use Line 5, Column 1 for Premium License Tax. Use Line 5, Column 2 for Maintenance Assessment.** Using the wrong figure could result in additional money being due upon audit. Any payment made after March 1 **will be** subject to penalty and interest.

RECONCILIATION OF PREMIUMS TO ANNUAL STATEMENT INFORMATION

DO NOT SUBMIT A COPY OF THE STATE PAGE NOR SCHEDULE T FROM THE ANNUAL STATEMENT.

Reconciliations **MUST BE SHOWN IN THE SPACE PROVIDED ON THE FORM** in any instance where reported taxable/assessable premium differs from the total premium shown on the State Page and/or Schedule T of the Annual Statement. The reconciliation must be provided on each form.

TAX/ASSESSMENT ADDRESS AND CONTACT INFORMATION

The CONTACT INFORMATION must now be updated on-line. Click on the [Update Tax/Assessment Address and Contact Information](#) link in the "Insurance Company: Tax Filing Information" area of the website. Enter your company's Login Code (which has been provided to you in the letter sent earlier). The CONTACT INFORMATION currently on file will appear. If you wish to change the current information, click YES to the question at the bottom of the screen. Enter the revised information and click UPDATE CONTACT INFORMATION. **A one (1) line street address of no more than 40 characters is now required.** An e-mail confirming the change, displaying both the old and new information, will be sent to the e-mail address entered.

The contact should be the person responsible for answering questions regarding information stated on the tax and assessment forms. The Tax Contact Information must be kept current. **Failure to change this information, as necessary, could result in the misdirection of critical information, which may cause penalties and/or interest to be assessed.**

FRAUD ASSESSMENT REPORT

The Fraud Assessment is equal to 0.05 of 1% of **written premium, including finance & service charges**, for all property and casualty lines, except title. For Workers Compensation Group Self-Insurance Associations, this assessment is calculated on Manual Premium.

MCHIP (MANAGED CARE HEALTH INSURANCE PLAN) ASSESSMENT REPORT

The MCHIP Assessment **IS NOT** being collected for assessable year 2011.

RETALIATORY TAX REPORT

DO NOT SUBMIT A COPY OF YOUR HOME STATE TAX REPORT FOR RETALIATORY PURPOSES.

This is a supplemental report of additional taxes, fees, and other charges due Virginia in accordance with provisions of its Retaliatory Law, Section 38.2-1026 of the Code of Virginia, on business transacted during 2011. The report should show all taxes, fines, penalties, fees for licenses or certificates of authority, or any other sum exacted for the privilege of doing business imposed against Virginia insurance companies or their authorized agents by the State or subdivision thereof in which the company is domiciled. The taxes, fees, etc. are based upon the same kinds of insurance and amount of premium income which the reporting company has transacted in Virginia during 2011, **EXCLUDING Workers' Compensation in ALL calculations for Col. B.** The reported taxes, fees, etc. should reflect those paid FOR tax year 2011, not those paid IN 2011 for another tax year. Biennial fees **MUST** be shown as annual fees in Column B of the report.

REDUCED TAX RATES OR TAX CREDITS BASED ON INVESTMENTS:

Companies domiciled in states that allow reduced tax rates or tax credits based on investments **MUST** use their Virginia investments for the comparison. The reduced tax rate or tax credit can only be used if the Virginia investments are sufficient to produce the reduced rate.

MUNICIPAL TAXES AND FEES:

Companies domiciled in Alabama, Florida, Georgia, Kentucky, Louisiana, Missouri, South Carolina or West Virginia must include municipal taxes and/or fees using the information on the chart that will be sent in the near future. Please note that if premium is zero, the Municipal Average Fixed Fee should be omitted from Col. B.

RETALIATORY TAX REPORT (cont.)

NEW YORK DOMICILED LIFE COMPANIES:

NOTE: Beginning with tax year 2008, this provision does NOT apply to NON-LIFE companies.

New York life companies may want to ESTIMATE AND PAY a tentative retaliatory tax, based on estimated franchise tax information (forms must be appropriately marked "ESTIMATED"), with the Retaliatory Tax Report by March 1st in order to avoid penalties and interest associated with all payments made subsequent to March 1st. The New York Franchise Tax forms, CT-33 and CT-33-M, prepared on the Virginia basis, should be filed in Virginia immediately upon filing the franchise information in New York. If an extension has been granted in New York, please staple a copy of Form CT-5 to the Retaliatory Tax Report. Your company's NAIC # must be shown in the upper right-hand corner of the franchise forms. DO NOT SEND ANY OTHER FORMS other than the CT-33 and CT-33-M on the Virginia basis.

ILLINOIS DOMICILED COMPANIES:

Illinois companies must include the Illinois Income Tax (IL-1120 on the Virginia basis) in Col. B of the Retaliatory Tax Report. You may want to ESTIMATE AND PAY a tentative retaliatory tax, based on estimated Illinois Income Tax information (forms must be appropriately marked "ESTIMATED"), in order to avoid penalties and interest associated with all payments made subsequent to March 1st. A copy of the Illinois Income Tax (IL-1120) forms, prepared on the Virginia basis, should be filed in Virginia immediately upon filing the income tax information in Illinois. If an extension has been granted in Illinois, please staple a copy of the extension form to the Retaliatory Tax Report. Your company's NAIC # must be shown in the upper right-hand corner of the franchise forms. DO NOT SEND ANY OTHER FORMS other than the IL-1120 and possibly Schedule INS on the Virginia basis.

NOTE: Companies filing Unitary Business Group forms in IL must complete a separate IL-1120 for each company within the group that is licensed in VA, using apportioned figures. DO NOT submit a spreadsheet giving the information.

DO NOT INCLUDE the Cost Containment Fee in Column B as Illinois specifically states it is not to be included.

INCLUDE IN COL. A: (READ THIS INFORMATION CAREFULLY AND INCLUDE ALL FEES PAID)

the Annual Corporation Registration Fee submitted to the Clerk of the State Corporation Commission (usually due the month of your incorporation in VA); the Safekeeping Deposit Fee billed by the VA Treasury Department in January immediately following the close of the tax year; Workers' Compensation Tax paid to the Workers' Compensation Commission; the Birth-Related Neurological Injury Compensation Fund Assessment (BIF Assessment) assessed by the Bureau of Insurance, but payable by December 1st of the tax year and sent to the Fund at 7501 Boulders View Drive, Richmond, VA; all tax and assessment fees paid to the Bureau of Insurance, including Agent Appointment Fees. Agent Appointment Fees are determined by obtaining the Quarterly and Renewal Billing Notices from your company's agent licensing section. The Quarterly Billing Notices needed for the 2011 tax year will be dated April, July, October, 2011 and January 2012. The Renewal Billing Notice will be dated July, 2011. The appointment fee was \$12 for both initial and renewal appointments for 2011.

ADDITIONAL INFORMATION

The check submitted **MUST** match the total amount shown on the Tax Payment Voucher. At the present time, the Bureau of Insurance does not have the capability to accept any Electronic Funds Transfer (EFT) tax payment transactions. Notification will be sent to all companies if this capability becomes available.

If you have questions regarding any of the above information or any of the forms provided, please contact Joyce Jones at (804) 371-9096, or via e-mail, Joyce.Jones@scc.virginia.gov, prior to filing the forms.

Links are provided for relative statutes of the Code of Virginia and a tax rate chart. Forms can be filled out on-line, but must be printed and mailed. We DO NOT accept electronic filings of any tax/assessment report.

YOU MUST OBTAIN THE TAX PAYMENT VOUCHER FROM OUR WEBSITE. SOFTWARE COMPANIES DO NOT HAVE THIS FORM IN THEIR SOFTWARE. COMPANIES USING SOFTWARE TO PREPARE THE TAX/ASSESSMENT FORMS SHOULD VERIFY THE FORMS REQUIRED OF YOUR COMPANY WHILE IN OUR WEBSITE.

I have read these instructions in their entirety and wish to proceed to download the appropriate annual tax and assessment forms.