

2023 Premium Tax Filing Questions and Answers:

1. **Why is a DC licensed insurance company with no premium tax liability due required to file DC insurance premium tax return?**

Even though DC does not require the licensed insurance companies with \$0 direct written premiums in DC during 2023 and meeting certain conditions file 2023 DC premium tax return, some insurance companies required to file 2023 DC premium tax return may not have tax liability due to the following and other reasons: a. company takes CAPCO credit to offset its whole year tax liability; b. company's carried over tax credit is larger than its tax due; c. company's installment payment based on prior year tax liability is large enough to cover the whole year tax liability due to decrease in current year's written premiums; etc.

All tax returns with no tax payment are required to file through OPTins based on the BULLETIN 20-6-IB-08/24, effective on September 25, 2020.

2. **Does the tax return require an authorized person's signature?**

No. It requires checking the "Agreed" box and typing the authorized tax officer's name there.

3. **Does the tax return require rounding up to the whole number?**

Yes.

4. **Can premium deductions be larger than total gross premium written?**

Yes. However, there is no refund of prior tax payment allowed by DC laws on the negative written premiums.

5. **Can deducted dividend be used in the calculation of retaliatory tax?**

Yes, if domicile state laws allow it.

6. **Are Schedule T and State page required to be attached with the premium tax return?**

No.

7. **Our company has negative written premiums from DC in current tax year due to the premium return for the cancelled DC policies written in prior tax year. Are we able to claim a refund on these negative premiums?**

No. Refund for the negative written premiums is not allowed by DC tax laws. You must put \$0 premium tax liabilities in the return. If the company made the installment payment in the current tax year, the installment payment is refundable.

8. **What CAPCO form should be attached with premium tax return for credit taken and credit transfer?**

The “DC Certified Investor Annual Notification of Credit Transfer” and the “DC Certified Investor Tax Credit Transfer Affidavit” forms must be attached with the tax return for CAPCO credit taken and credit transfer. You can find these forms in “2017 insurance tax filing package” as well as at DISB website <http://disb.dc.gov>, under “Regulated Entities” - “CAPCOs”.

9. **We filed current year installment report with a payment and CAPCO credit. Are we able to apply all entitled CAPCO credit at year end to result a refund equals installment payment amount?**

Yes, you can do so.

10. **We noted an error in the prior year premium tax return regarding the prior year tax calculation. Can we use the corrected prior year total tax liability to prepare installment report?**

Yes. However, you should amend the prior year tax return first; then use the corrected prior year’s tax liability to file installment report on Optins.

11. **Can we file an annual tax return with negative written premiums?**

Yes. However, the prior year premium tax payment is not refundable.

12. **If a DC licensed insurance company re-domiciled from one state to another during the calendar year, in which state should the retaliatory tax be based?**

The retaliatory tax should be calculated based on the domicile state at the end of the calendar year.

13. **If a DC licensed insurance company was merged with another DC licensed insurance company during the calendar year, when is the merged insurance company’s premium tax return due?**

The premium tax return and installment reporting for merged company should be due on June 1st for installment report and March 1st for annual return as normal. However, only the surviving insurance company needs to file the DC premium tax return after the merger is completed. The surviving company’s premium tax return should include the merged insurance company’s written premiums in the calculations of premium tax liabilities. In addition, you must write in the “**Comments**” box in the return form for the merged insurance company’s name, NIAC#, written premiums and tax payment amount that have been included in the surviving company’s tax return. **Please note that the merge does not waive the DC assessment obligation for the merged company for the calendar year in which the merge occurred.**