



Government of the District of Columbia Department of Insurance, Securities and Banking

Stephen C. Taylor
Commissioner

2016 District of Columbia Insurance Premium Tax Filing Instructions

What's New for 2016:

- District of Columbia ("DC") premium tax rate on non-accident and health (Non-A&H) insurance premiums written in 2016 is **one and seven tenths percent (1.7%)**; and the DC premium tax rate on A & H insurance premiums written in 2016 is **two percent (2%)** in accordance with District of Columbia Official Code § 47-2608 (2016).
- All premium tax returns with tax payments sent to the District of Columbia Department of Insurance, Securities, and Banking ("DISB") office address, instead of the address in the return, **will be at risk for 8% late fee assessment.**
- **DC licensed insurance companies with zero (\$0) direct written premiums in DC during 2016 and meeting all conditions listed in the "Filing Requirements" section, are not required to file 2016 DC annual premium tax return.** (See detailed information in the "Filing Requirements" section below)

Filing Requirements:

- **All DC licensed insurance companies, including reinsurance companies, registered risk retention groups, and risk purchasing groups** must file 2016 DC insurance tax return; (Foreign and Alien insurers must also complete PART II of the 2016 DC insurance tax return);
- **Except those companies with zero (\$0) direct written premium in DC during 2016.** If a company has zero (\$0) DC written premium during 2016 and meets all of the following conditions, this company is not required to file 2016 DC premium tax return:
 1. The company does not owe retaliatory tax to DC
 2. The company does not claim CAPCO credit
 3. The company does not claim a premium tax credit or refund due to prior years' overpayment or amendment of prior years' premium tax returns
 4. The company does not have an overpayment from prior years or current year's installment payment to be carried over to future installment

When and Where Should You File?

- 2016 DC annual premium tax return is due on March 1, 2017. If you do not file the return and pay the tax liability by the due date, a penalty of eight percent (8%) per month will be imposed until the appropriate tax is paid.
- Using NAIC OPTins to file and pay DC premium tax is optional and encouraged. If OPTins is not used:
 - **All premium tax returns with tax payment** should be mailed together with the check made payable to the DC Treasurer and, must be mailed through the United States Postal Service (USPS) only, to:

**DC Treasurer
Insurance Bureau
LOCKBOX 92180
Washington, DC 20090-2180**
 - **All premium tax returns with no payment** should be filed in OPTins or emailed to DISB at email address: disb.premiumtax@dc.gov. **You are not required to mail a return through USPS when no payment is required with the return.**
- If you have questions regarding the use of the premium tax forms and any other matters concerning DC insurance premium taxes, please contact DISB Insurance Tax Unit at telephone (202) 442-8568 or (202) 727-8000 or Email: disb.premiumtax@dc.gov.

Line Instructions for 2016 DC Annual Premium Tax Form

Part I – Premium Tax:

Line 1 - Premiums: the premiums reported here should agree with the premium amount reported in Schedule T of Annual Statement filed with NAIC. The premium amount do not agree with Schedule T must be explained separately. Schedule T and state page are not required to submit with the return.

Line 2 - Qualified Premiums: Qualified premiums reported in this line must include a written explanation regarding the reasons and laws supporting the deduction in the comments box of the tax return.

Line 4 – Deductions:

(a) – FEHBP & FEDVIP: FEHBP stands for federal employees’ health benefit plans and FEDVIP stands for federal employees’ dental and vision plans. Premiums from both FEHBP and FEDVIP are exempted from DC premium tax.

(f) – Other: Any deductions that do not list in Line 4 (a) to (e) can be taken here; but you should write down a description of deduction in the fillable field on this line.

Line 8 – Premium Tax: For non-A&H premium tax, this line is the product of multiplying Line 7 by 1.7%; for A&H premium tax, this line is the product of multiplying Line 7 by 2%.

Line 11(e) – Guaranty Fund Tax Credits and Refunds Pursuant to D.C. Official Code §31-5410, insurance companies are granted premium tax credits or “offsets” for Class B assessments made by the DC Life and Health Insurance Guaranty Association (Guaranty Fund) at the rate of 10% (10 percent) per year for 10 years, following the year in which the assessments were made. In addition, §31-5410(b) states that

“Any sums which are acquired by refund, pursuant to §31-5406(f) from the Association by member insurers ... shall be paid by member insurers to the District of Columbia...”

- Please note that Guaranty Fund Tax Credits and Refunds in Line 11(e) are granted only for Class B assessments made by the DC Life and Health Insurance Guaranty Association (“L&H Guaranty Fund”). Class A assessments are for administrative purposes and cannot be recovered through premium tax credit. Accordingly, any premium tax credits taken for Class A assessments will be rejected. **The companies with an assessment from the Property & Casualty Guaranty Fund should not take a credit on line 11(e).**
- Companies with a Class B assessment from the L&H Guaranty Fund taking a Guaranty Fund tax credit on Line 11(e) of the tax return must file the L&H Guaranty Fund Assessment Invoice or the “Certificate of Contribution,” along with the completed “Life and Health Insurance Guaranty Fund Class B Assessment Recovery Form (“Guaranty Fund Form” or “Form”). Failure to do so will result in the company’s tax return being rejected. The company may be imposed additional interest and penalty in accordance with DC Official Code §47-2609.
- Instructions for completion of the Guaranty Fund Form:

In order to take the credit, you shall follow the steps below and refer to the Guaranty Fund Form Example to complete the Guaranty Fund Form:

1. From the combined L&H Guaranty Fund assessment invoice, pick up only the class B assessment for Life and Health accounts to key in the assessment amount in the related columns in the Guaranty Fund Form as positive number in the year the assessment is made. The form will automatically amortized each year’s assessment in 10 years at 10% per year beginning the following year.
2. From the combined L&H Guaranty Fund assessment invoice, pick up the class B refund for life and health accounts to key the refund amount in the related columns in the Form as negative numbers in the year the refund is made. The Form will automatically take the whole refund amount in the following year to offset with the L&H Guaranty Fund assessment amount in the column of “Tax Credit (refund) to Line 11e”. **(Please note that the L&H Guaranty Fund class B refund may not come with a separate refund check and may be used to offset with class A and annuity assessment. Accordingly, companies are advised that any L&H Guaranty Fund invoice received for less than the amount of the current Class A and annuity assessment means that the company was issued a refund for one or more of the Class B accounts.)**
3. Transfer L&H Guaranty Fund credit (refund) from the column of “Tax Credit (refund) to Line 11e” in the Form to Line 11(e) in the insurance premium tax return. Remember to transfer the same positive or negative numbers in the Form to the Return. The positive number means tax credit which should be added to Line 11(h) – Total credit & payments; the negative number means tax refund which should be subtracted from Total credits & Payments in Line 11(h).

Line 15 – Overpayment if the premium tax return indicates an overpayment on Line 15, please note that refund check will not be processed before June 1 installment payment is due. It is recommended that overpayment be applied to the future installment.

2017 DC Installment Return

2017 DC premium tax installment return should be filed with the installment payment by June 1, 2017 for all DC licensed insurance companies who have the total tax liability of \$1,000 and more on Line 10 of 2016 DC Insurance Premium Tax Return.