

TEXAS ANNUAL INSURANCE TAX REPORT

Surplus Lines / Purchasing Groups

b.

A REPORT MUST BE FILED EVEN IF NO TAX IS DUE.

a. T Code **71120**

You have certain rights under Chapters 552 and 559, Government Code, to review, request, and correct information we have on file about you. Contact us at the address or toll-free number listed on this form.

c. Taxpayer number

d. Filing period

e. f. Due date

g. Taxpayer name and tax report mailing address (Make necessary name and address changes below)

h. **IMPORTANT**
 Blacken this box if your mailing address has changed. Show changes by the preprinted information. 1.

i. j.

SECTION I - Total surplus lines business as agent of record (Dollars and cents)

A. Texas premiums (reported to the SLSOT)	A. _____
B. Texas premiums (not YET reported to the SLSOT)	B. _____
C. Non-taxable premiums (reported to or subject to SLSOT reporting)	C. _____
D. Other states' premiums (reported to or subject to SLSOT reporting)	D. _____
Not subject to SLSOT reporting (see instructions)	
E. Non-taxable premiums	E. _____
F. Other states' premiums	F. _____
TOTAL PREMIUM AS AGENT OF RECORD (Total of Items A - F).....	\$ _____

SECTION II - TAX BASE ELECTION (See instructions)

Premium-written basis Premium-received basis

SECTION III - Surplus lines agents must complete this section using the tax base election option selected

The premiums reported in this section will not necessarily match the premiums shown in SECTION I. SECTION I premiums should reflect the total business written as Agent of Record. SECTION III premiums should reflect the premiums subject to tax on the basis of taxation method selected, i.e., premium-received or premium-written.

SURPLUS LINES	1. Texas premiums (Dollars and cents)	1. <input checked="" type="checkbox"/> _____
	2. Texas returned premiums	2. <input checked="" type="checkbox"/> _____
	3. Taxable premiums (Item 1 minus Item 2)	3. _____
	4. Premium tax due (Multiply Item 3 by .0485) (Dollars and cents)	4. _____

SECTION IV - Purchasing groups and surplus lines agents writing purchasing group business must complete this section

PURCHASING GROUPS	5. Texas premiums (Dollars and cents)	5. <input checked="" type="checkbox"/> _____
	6. Texas returned premiums	6. <input checked="" type="checkbox"/> _____
	7. Taxable premiums (Item 5 minus Item 6)	7. _____
	8. Premium tax due (Multiply Item 7 by .0485) (Dollars and cents)	8. _____

9. Total taxes due (Item 4 plus Item 8)	9. <input checked="" type="checkbox"/> _____
10. Prepayment amount	10. _____
11. Total amount due (Item 9 minus Item 10)	11. _____

***** DO NOT DETACH *****

12. Penalty and interest (See instructions)	12. _____
13. TOTAL AMOUNT DUE AND PAYABLE (Item 11 plus Item 12)	13. <input checked="" type="checkbox"/> _____

Taxpayer name

k. l.

T Code Taxpayer number Period

I declare that the information in this document and all attachments is true and correct to the best of my knowledge and belief.

Authorized agent

sign here

Preparer's name (Please print) _____

Daytime phone (Area code & number) _____ Date _____

Make the amount in Item 13 payable to **STATE COMPTROLLER**. Our mailing address is **111 E. 17th Street, Austin, TX 78774-0100**.

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.

INSTRUCTIONS FOR COMPLETING THE TEXAS ANNUAL INSURANCE TAX REPORT SURPLUS LINES AGENTS/ PURCHASING GROUPS

NOTE: Statutory references are or will be changing due to the recodification of the Texas Insurance Code.

WHO MUST FILE

All surplus lines agents licensed in Texas and all purchasing groups registered in Texas **must file this report even if no tax is due.**

NOTE: Surplus lines agents reporting surplus lines and purchasing group business must complete Sections III and IV.

Purchasing groups should report in Section IV only.

Texas licensed non-resident surplus lines agents should file Form 25-103 for policies where all negotiations take place outside the state.

WHEN TO FILE

The report and payment are due on March 1 of the year following the tax year.

SECTION I

Total Business for Agent of Record

Chapter 225, Insurance Code, requires the payment of tax on all premiums except those premiums that are properly allocated and reported as premiums that may be subject to tax by another state. In this section, premiums are reported based on the effective date of each policy. To facilitate the reporting requirement, surplus lines agents must complete SECTION I using the categories indicated for all business for which they are the agent of record.

"Agent of Record" is defined as the Texas licensed surplus lines agent who places a policy with an eligible surplus lines insurer or as the Texas licensed surplus lines agent who transacts business directly with an out-of-state agent who is not licensed by Texas as a surplus lines agent in order to obtain coverage with an eligible surplus lines insurer. The agent in these situations is the agent of record for such agent's portion of the premium for the policy placement.

General Instructions

Items A, B, C, and D - The policies for premiums reported in Items A, B, C, and D must be reported to the Surplus Lines Stamping Office of Texas (SLSOT) because a portion of the policy covers risks allocated to Texas.

Items E and F - Premiums for policies that are 100% exempt, preempted, or allocated to other states are not reported to the Stamping Office (SLSOT), but must be reported by the "agent of record" in Items E and F.

Specific Instructions

Item A - Texas Premiums - Enter the total Texas premiums (net of return premiums) that were reported to the Stamping Office (SLSOT) during the tax year.

Item B - Texas Premiums - Enter the total Texas premiums (net of return premiums) that have NOT YET been reported to the Stamping Office (SLSOT) during the tax year.

Item C - Non-taxable Premiums - Enter the total non-taxable premiums (net of return premiums) that cover a risk located entirely in Texas and the non-taxable Texas premiums for a multi-state policy. Both of these categories must be reported to the Stamping Office (SLSOT).

Item D - Other States' Premiums - Enter the total premiums (net of return premiums) allocated to all other states from a multi-state policy that includes coverage for Texas. This category must be reported to the Stamping Office (SLSOT).

Item E - Non-taxable Premiums - Enter the premiums (net of return premiums) for policies that are 100% exempt or pre-empted and cover risks entirely in states other than Texas.

Item F - Other States' Premiums - Enter the total taxable premiums (net of return premiums) allocated to other states for policies that exclusively cover states other than Texas.

SECTION II

TAX BASE ELECTION for SURPLUS LINES AGENTS

Surplus lines agents who received a license during the reporting year must elect one of the tax base options shown.

Rule 34 TAC, Sec. 3.822, adopted March 20, 2001, provides specific information on the requirements for reporting surplus lines tax. Agents have the option of reporting tax using a premium-written or premium-received basis. Upon approval by the Comptroller, **agents may change their election every four years.** After the expiration of the initial four-year election period, **a change in the tax base election will be effective beginning the year received by the Comptroller.** An agent who changes from a premium-received to a premium-written basis will owe taxes on all outstanding receivables as of January 1 of the year of the change. If an agent fails to file the election, the agent will be subject to tax on a premium-written basis.

SECTION III

PREMIUMS SUBJECT TO TAX

The term "premium" includes all premiums, membership fees, assessments, dues and any other consideration for insurance.

All premiums written, procured, or received in this state and all premiums on policies negotiated in this state shall be deemed written on property or risks located or resident in this state, except such premiums as are properly allocated or apportioned and reported as premiums that may be subject to taxation by any other state or states.

NOTE: The premiums reported in this section will not necessarily match the premiums shown in SECTION I. SECTION I premiums should reflect the total business written as Agent of Record. SECTION III premiums should reflect the premiums subject to tax on the basis of taxation method selected, i.e., premium-received or premium-written.

EXEMPTIONS AND PREEMPTIONS

Exempt premiums are defined as premiums for a surplus lines policy that covers risks or exposures that are properly allocated to federal waters, international waters, or risks or exposures that are under the jurisdiction of a foreign government.

Federal preemptions to state taxation for surplus lines insurance include premiums for policies that are issued to the following entities:

- (A) the Federal Deposit Insurance Corporation (FDIC), when it acts as the receiver of a failed financial institution that holds the property being insured;
- (B) the National Credit Union Administration;
- (C) a federally chartered credit union; and
- (D) Indian Tribal Nations (see Publication 94-142).

SECTION IV

SPECIAL INSTRUCTIONS FOR PURCHASING GROUPS

Purchasing groups obtaining coverage from (a) insurers licensed in Texas, (b) risk retention groups licensed or registered in Texas, or (c) surplus lines agents licensed in Texas do NOT owe tax but must file a zero report.

Purchasing groups obtaining coverage independently through negotiations and procurement occurring outside Texas are subject to tax on the premiums paid for coverage of their members located in Texas.

Check this box if insurance was obtained from a licensed insurance company or a licensed or registered risk retention group.

Check this box if insurance was obtained from a surplus lines agent licensed in Texas.

SPECIFIC INSTRUCTIONS

Item 12 Penalty and interest:

- 1-30 days late: Enter penalty of 5% (.05) of Item 11.
- 31-60 days late: Enter penalty of 10% (.10) of Item 11.
- Over 60 days late: Enter penalty of 10% (.10) of Item 11 **plus** interest. Calculate interest at the rate published online at <http://www.window.state.tx.us> or call the Comptroller toll free at 1-877-44RATE4, for the applicable interest rate.

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.