

SOUTH CAROLINA DEPARTMENT OF INSURANCE



2011 ADDITIONAL INSTRUCTIONS

LIFE, ACCIDENT AND HEALTH TAX RETURNS

READ CAREFULLY – IMPORTANT INFORMATION

These instructions are provided to assist you in completing your online tax return.

1. **Life and A&H** – Upload a copy of Schedule T and a copy of the South Carolina Business Page, Blue statement.
2. **Health** – Upload a copy of Schedule T and a copy of the South Carolina Business Page, Orange statement.
3. Round premiums to the nearest dollar.
4. Submit one check only per company payable to the South Carolina Department of Insurance.
5. Annual tax returns and all required supporting documentation are due in this Department on or before March 1, 2012.

Tax returns received by this Department without all supporting documents may be subject to penalties.

Compliance with South Carolina Department of Insurance requirements is the Company's responsibility. Failure to comply could result in an administrative fine of up to \$30,000. Your attention is directed to S.C. Code Ann. §§ 38-2-10 and 38-5-130.

Schedule 01 - South Carolina Taxes and Obligations (All Insurers)

1. The Biennial License Fee of \$800.00 will be shown on Schedule 01, Line 0101. Please refer to SC Code Ann Section 38-7-10 (A). **License fees will be collected March 1, 2012.**
2. The amount on Line 0199 is the amount you should remit for payment. If the total amount of taxes due is negative, a refund will be issued. **Do not apply to next quarter.**
3. Acceptable payments are by electronic (ACH) check, credit card or paper checks. If your tax liability is \$99,999.00 or greater, you cannot pay by credit card. Please remit a copy of the printed invoice page if paying by paper check. The invoice amount and the check amount must agree. If they do not, your payment will be rejected. If paying by electronic (ACH) check or credit card, click Proceed to Payment on the invoice page and follow the instructions.

Schedule 02 - Computation of Retaliatory Taxes (Foreign Insurers Only)

South Carolina law requires that retaliatory taxes for foreign insurers be calculated by the use of an aggregate approach instead of an item-by-item approach. The aggregate requirements imposed by the foreign state for the privilege of doing business therein, including taxes levied under local ordinances, are compared with the aggregate requirements imposed in South Carolina for the privilege of doing business here, including taxes levied under local ordinances.

Complete Column A showing all taxes, fees, assessments and obligations due in South Carolina. Complete Column B showing all taxes, fees, assessments and obligations a South Carolina insurer would be required to pay your Domiciliary State under identical conditions. If the foreign state's aggregate total is greater than South Carolina's, the difference is collected from the foreign insurer as a retaliatory tax. If the remainder is negative, there is no retaliatory tax due.

A separate worksheet must be uploaded showing home state rates, premium figures, and calculations. This worksheet is a part of the Required Documentation and it is not uploaded, the Company may be subject to disciplinary action for failure to follow instructions.

Line 0209 Municipal License Fees

Amounts that have been paid within the calendar year 2011 will be shown on Line 0209.

Schedule 03 - Biennial Fixed License Fee

1. The Biennial Fixed License Fee of \$400.00 for each line of authority will be shown on Schedule 01.

Schedule 04 - Exhibit of Premiums and Dividends (To Nearest Dollar)

1. **Review this Schedule carefully to ensure proper reporting of premiums.**

2. Use whole dollars – no cents.
3. All entries must balance to the Business Page and Schedule T of the Annual Statement. Schedule T Line 41 must agree with Line 99.99 Column A of Schedule 04 on the Fee and Tax Return.
4. Indicate negative premium by placing a negative sign immediately before the premium amount. i.e. -1,000.

Schedule 04B –A&H Fee Income

Schedule 04B is for reporting A&H Fee Income. Insurers reporting A&H Fee Income as reported on their Summary of Operations page should enter the taxable premiums amounts on this schedule.

Schedule 05 - Insurance Premium Taxes (To Nearest Dollar)

1. The system will calculate premium tax amounts based upon the information entered into Schedule 04.

Schedule 06 - Insurance Premium Tax Credits Allowable – Upload Assessment Certificates

1. **South Carolina Life & Health Guaranty Association Tax Credit.** A 20% tax credit of the total guaranty assessment amount is allowed. This credit may not reduce the member's tax liability below zero. Any unused credit is lost and cannot be carried forward. **A copy of each Assessment Certificate must be uploaded to receive credit. Copies must be legible.**
2. **South Carolina Health Insurance Pool Tax Credit.** This credit may not reduce the member's tax liability below zero. The credit should be applied to the tax year in which it was paid. Any unused credit may be carried forward three years after the date of payment. **A copy of each Assessment Certificate must be uploaded to receive credit. Copies must be legible.**

Act 231 of 1996 allowed certain tax credits for insurers to spur economic growth and development in certain areas of South Carolina. Most of these credits correspond with credits to tax liabilities offered in Chapter 6 of Title 12 of the South Carolina Code. These credits should be reported in Schedule 06 on the South Carolina Premium Tax Return. Credits cannot reduce the company's tax liability below zero. Refer to www.sctax.org, Forms and Instructions, Current Forms and Instructions, Corporate Tax Return and then Tax Credits for explanation of credits and forms. Appropriate schedules should be uploaded.

****Refer any questions on premium taxes to Gloria Akram gakram@doi.sc.gov or 803-737-6136 or to Sharon Waddell swaddell@doi.sc.gov or 803-737-4910****