

SOUTH CAROLINA DEPARTMENT OF INSURANCE



2011 ADDITIONAL INSTRUCTIONS

PROPERTY & CASUALTY TAX RETURNS

READ CAREFULLY – IMPORTANT INFORMATION

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

1. **Property and Casualty Insurers** – Upload a copy of Schedule T and a copy of the South Carolina Business Page from the annual statement.
Title Insurers - Upload a copy of Schedule T from the annual statement.
Reciprocal Insurers – Upload a copy of Schedule T and a copy of the South Carolina Business Page from the annual statement.
2. Round premiums to the nearest dollar.
3. Submit one check only per company payable to the South Carolina Department of Insurance.
4. 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 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 S.C. Code Ann. Section 38-7-10 (A). **License fees will be collected March 1, 2012.**

2. Reciprocal Insurers – the Biennial License Fee of \$800.00 will be shown on Schedule 01, Line 0101. The \$400.00 fee for **each** Attorney-in-Fact will be calculated based upon the number of attorneys listed on Schedule 03.
3. The Biennial Fixed License Fee of \$400.00 for each line of authority will be shown on Schedule 01, Line 0102 (Accident & Health - \$400.00; Property - \$400.00; Casualty - \$400.00; Surety - \$400.00; Marine - \$400.00; Title - \$400.00). Please refer to S.C. Code Ann. Section 38-7-10 (B). **License fees will be collected March 1, 2012.**
4. The amount on Line 0199 is what 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.**
5. Acceptable payments are by electronic (ACH) check, credit card or paper checks. If your tax liability is over \$100,000 you cannot pay by credit card. Please remit a copy of the printed invoice page if paying by paper check. If paying by 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 furnished showing home state rates, premium figures, and calculations. If this is not furnished, the Company may be subject to disciplinary action for failure to follow instructions.

Line 0209 - Municipal License Fees

Amounts shown on line 0209 must have been paid within calendar year 2011.

Line 0210 - Second Injury Fund

A copy of the Assessment Certificate must be uploaded.

Schedule 03 - Biennial Fixed License Fee

1. The Biennial Fixed License Fee will be shown on this schedule based upon your lines of authority.

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. **EXCEPTION:** For **Bail Bond writers**, refer to Bulletin 2010-11. Gross premiums including commissions must be reported for premium tax purposes. Please include a Supplement to Schedule T supporting variances.
4. Indicate negative figures by a negative sign immediately preceding the number. i.e. -1,000.
5. Mobile Home Premiums should be reported as follows:
 1. Premium for coverage on mobile homes at fixed locations should be reported as Homeowners Multiple Peril and Farmowners Multiple Peril as applicable.
 2. Premium for coverage on mobile homes in transit should be reported as Inland Marine.
 3. Premium for coverage on motor homes, travel trailers, etc. should be reported as Private Passenger Auto Physical Damage and Private Passenger Auto Liability as applicable.
6. **Finance and/or Service Charges are not considered premiums in South Carolina and should not be reported.**

Schedule 04A Nontaxable Inland Marine Premiums

Schedule 04A is for reporting Non-Taxable Inland Marine Premiums. Insurers should enter direct premium written and dividends paid for policies that are not subject to fire coverage on this schedule.

04B A&H Fee Income

Schedule 04B is for reporting A&H Fee Income. Insurers should enter taxable A&H Fee income premiums on this schedule.

Schedule 05 - Insurance Premium Taxes (To Nearest Dollar)

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

Schedule 06 - Insurance Premium Tax Credits Allowable - Attach 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 to Bulletin 2008-17 for information on the Coastal Premium Tax Credit. The worksheets are attached to the Bulletin. The worksheets must be uploaded.

Schedule 07 - Fire Inspection Tax, Fire Department Tax, and Fire Maintenance Tax

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

Schedule 08 - Distribution of Net Fire Premiums (To Nearest Dollar)

1. Use whole dollar amounts.
2. Insurers will have the option to upload an Excel spreadsheet with county amounts which will be automatically populated into this schedule.

Please Note: Schedule 08 Distribution of Net Fire Premiums. If the county distributions vary 10% from last year, whether an increase or decrease, a written explanation must be attached to the tax return.

**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