



## 2025 INSTRUCTIONS

### CAPTIVE TAX RETURNS

#### READ CAREFULLY – IMPORTANT INFORMATION

##### Required Documentation

- Statement of Income from Annual Report
- Premium Schedule from Annual Report
- Schedule T from Annual Statement – Risk Retention Groups/Special Purpose Captives
- If the required documentation is not initially available, please upload any internal documentation to support data reported on the SC Fee and Tax Return

**An Annual Return is required even if no business was written during 2025.**

**Captive Insurers** – To ensure sufficient detail to support the SC Fee and Tax Return, Captive insurance companies must upload all required listed information above.

1. Annual tax returns and supporting documentation are due in this Department on or before **March 1, 2026**.
2. Round premiums to the nearest dollar.
3. Acceptable payments are by electronic (ACH) debit or credit card. There is a **\$2.50** non-refundable vendor portal fee to process ACH payments. There is a cap on credit card payments. Any payments exceeding \$99,999.00 cannot be processed by the credit card vendor. If paying by credit card, a 1.7% processing fee plus a \$1.00 portal fee will be added to your tax payment.

**Tax returns received by this Department without all supporting documents may be subject to penalties. Compliance with the 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 Fees and Taxes**

There is an **Annual** Renewal Fee of \$500.00 on Schedule 01 Line 0101. Refer to S.C. Code Ann. § 38-90-20(D) and 38-90-440(G)(2), 2006 Act 332.

South Carolina taxes due in Schedule 01 line 0104 are **based on total global premiums for all states and countries. Line 0102 + Line 0103 or \$5,000 whichever is greater should be entered. For captive insurance companies licensed during 2025 pursuant to Article 1 of Chapter 90:** In the calendar year in which a captive is first licensed, if the aggregate taxes to be paid by a captive insurance company amount to less than the minimum tax calculated, the captive insurance company shall pay the prorated minimum tax for that year. Captive Insurers licensed in the first quarter pay \$5,000, second quarter pay \$3,750, third quarter pay \$2,500 and fourth quarter pay \$1,250. However, if the aggregate taxes to be paid by a captive are greater than the prorated minimum tax, the greater aggregate tax must be paid. After the first year, Captive Insurers pay a minimum tax of \$5,000. This Schedule is a recapitulation of the other Schedules on the Return and is populated by the system. Refer to S.C. Code Ann. §38-90-140(C).



### **Dormant Status**

Captive insurers that became dormant in tax year 2024 are required to pay the minimum tax due for tax year 2025. The prorated tax becomes effective in the subsequent tax year.

**Special Purpose Financial Captives (SPFCs) only** have an Annual Review Fee of \$2,400 or, if greater, the actual cost of the review. Refer to §38-90-440(G)(3), 2006 Act 332.

### **Schedule 02 – Assumed Reinsurance Premium (To Nearest Dollar)**

If line 0201:

is \$20 million or less, it has been calculated by multiplying line 0201 by .00225.

is over \$20 million, but not more than \$40 million, line 0202 is \$45,000 plus .0015 times excess of \$20 million.

is over \$40 million, but not more than \$60 million, line 0202 is \$75,000 plus .0005 times excess of \$40 million.

is over \$60 million, line 0202 is \$85,000 plus .00025 times excess of \$60 million.

\$100,000 is the maximum total tax payable to the SC DOI in a given tax year on all assumed premiums. See Note below.

**For captive insurance companies licensed pursuant to Article 1:** No reinsurance premium tax is payable in connection with the receipt of assets in exchange for the assumption of loss reserves and other liabilities of another insurer or other funding mechanism under common ownership and control if the transaction is part of a plan to discontinue the operations related to the loss reserves and other liabilities being assumed of that insurer or funding mechanism and if the parties intend to renew or maintain such business with the captive insurance company.

**For SPFCs, licensed pursuant to Article 3:** No reinsurance premium tax is payable.

If line 0301 Col C: is \$20 million or less, it has been calculated by multiplying line 0301 by .004.

is over \$20 million, line 0302 is \$80,000 plus .003 times excess of \$20 million.

\$100,000 is the maximum total tax payable to the SCDOI in a given tax year on all direct premiums. See Note below.

### **Notes:**

1. \$100,000 is the maximum, total, **combined** tax payable to the SCDOI in a given tax year on all premiums, direct and assumed, for captive insurance companies licensed pursuant to Article 1 of Chapter 90, Refer to §38-90-140(C)(4), 2006 Act 332.

2. Two or more captive insurance companies under common ownership and control must be taxed as separate captive insurance companies. Refer to §38-90-140(E), 2006 Act 332 and §38-90-580 (2005).

3. Sponsored Captives should only report premiums written by the sponsor on the sponsor's SC Fee and Tax Return. **Do not report** premiums written by the individual cell companies on the individual cells tax returns unless premium taxes will be paid by the individual cell companies.

Refer any questions on premium taxes to:

Twyla Kelly [tkelly@doi.sc.gov](mailto:tkelly@doi.sc.gov) or 803-737-6194

Wakenna Dowell [wdowell@doi.sc.gov](mailto:wdowell@doi.sc.gov) or 803-737-6174

Sharon Waddell [swaddell@doi.sc.gov](mailto:swaddell@doi.sc.gov) or 803-737-4910