

BULLETIN

To: Chief Financial Officer,
Domestic Insurance Companies

Re: Premium Tax Credit - §6-104(c) of the Insurance Article
For Retaliatory Taxes Resulting from Annual Assessment Fee

Date: December 15, 2000

Bulletin: 00-23

In 1998, the Maryland General Assembly authorized a premium tax credit for certain Maryland domestic insurance companies (those with home offices within Maryland) who incur retaliatory taxes as the result of the annual assessment fee charged to all insurers to fund the operations of the Maryland Insurance Administration. (See Title 2, Subtitle 5 of the Maryland Insurance Article.) The purpose of this bulletin is to fully explain the credit available to domestic insurers and to set out the procedures for claiming the credit for the 1999 tax year and all future years.

All domestic insurers can claim this credit for the 1999 tax year by filing a worksheet accompanied by documentation supporting the credit being claimed. The documentation should consist of copies of premium tax returns filed in other states showing the amounts of retaliatory taxes generated as a result of the annual assessment fee. The worksheet and supporting documentation must be filed with the Insurance Administration by January 30, 2001.

The statute authorizing this tax credit limits the credit to a maximum \$1 Million aggregate credit, which can be claimed by all domestic insurers in any fiscal year. If this maximum is exceeded, the credit must be apportioned among the insurers entitled to a credit.

After receipt of all claims for the credit received on or before January 30, 2001, the Maryland Insurance Administration will issue a credit voucher to each domestic insurer entitled to a credit related to the 1999 tax year. The credit voucher will state the amount of credit that can be claimed on the annual return for the 2000 tax year. If the \$1 Million cap has been exceeded, apportionment of the credit will be reflected on the vouchers issued by the Maryland Insurance Administration. The voucher should be attached to the annual return to be filed in March 2001.

In future years, the worksheet and documentation should be filed with the Maryland Insurance Administration by May 1st. The credit should not be claimed until a credit voucher has been issued by the Maryland Insurance Administration.

All filings or correspondence related to the credit discussed in this Bulletin should be directed to:

David Phillips
Maryland Insurance Administration
525 St. Paul Place
Baltimore, Maryland 21202

STEVEN B. LARSEN
INSURANCE COMMISSIONER