



# Texas Annual Insurance Tax Report

## Surplus Lines / Purchasing Groups

**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 phone number listed on this form.

c. Taxpayer number <input type="checkbox"/>	d. Filing period	e. <input type="checkbox"/>	f. Due date
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Taxpayer name and tax report mailing address (Make necessary name and address changes below)

g.

**h. IMPORTANT**

Blacken this box if your mailing address has changed. Show changes beside the preprinted information.  1.

i.  j.

**SECTION I - Total surplus lines business as agent of record (Whole dollars only)**

A. Texas premiums (reported to the Surplus Lines Stamping Office of Texas (SLSOT)) .....	A. <input type="checkbox"/>
B. Texas premiums (not YET reported to the SLSOT) .....	B. <input type="checkbox"/>
C. Non-taxable premiums (reported to or subject to SLSOT reporting) .....	C. <input type="checkbox"/>
D. Other states' premiums (reported to or subject to SLSOT reporting) .....	D. <input type="checkbox"/>
<b>Not subject to SLSOT reporting (See instructions.)</b>	
E. Non-taxable premiums .....	E. <input type="checkbox"/>
F. Other states' premiums .....	F. <input type="checkbox"/>
<b>Total Premium as Agent of Record (Total of Items A - F) .....</b>	<b>G. \$ <input type="checkbox"/></b>

**SECTION II - Tax Base Election (See instructions.)**

1 Premium-written basis       2 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 III premiums should reflect the premiums subject to tax on the basis of taxation method selected, i.e., premium-received or premium-written.*

<b>SURPLUS LINES</b>	1. Texas premiums (Whole dollars only) (See instructions--updated for 2011) .....	1. <input type="checkbox"/>
	2. Texas returned premiums .....	2. <input type="checkbox"/>
	3. Taxable premiums (Item 1 minus Item 2) .....	3. <input type="checkbox"/>
	4. Premium tax due (Multiply Item 3 by <b>.0485</b> ) (Dollars and cents) .....	4. <input type="checkbox"/>

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

<b>PURCHASING GROUPS</b>	5. Texas premiums (Whole dollars only).....	5. <input type="checkbox"/>
	6. Texas returned premiums .....	6. <input type="checkbox"/>
	7. Taxable premiums (Item 5 minus Item 6) .....	7. <input type="checkbox"/>
	8. Premium tax due (Multiply Item 7 by <b>.0485</b> ) (Dollars and cents) .....	8. <input type="checkbox"/>
	9. Total taxes due (Item 4 plus Item 8) .....	9. <input type="checkbox"/>
	10. Prepayment amount .....	10. <input type="checkbox"/>
	11. Total amount due (Item 9 minus Item 10) .....	11. <input type="checkbox"/>

**\*\*\* Do not detach. \*\*\***

12. Penalty and interest (See instructions.) .....	12. <input type="checkbox"/>
13. Total Amount Due and Payable (Item 11 plus Item 12) .....	13. <input 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.

**sign here** Authorized agent

Preparer's name (Please print) \_\_\_\_\_

Daytime phone (Area code & number) \_\_\_\_\_ Date \_\_\_\_\_

Make the amount in Item 13 payable to: STATE COMPTROLLER	Mail to: COMPTROLLER OF PUBLIC ACCOUNTS P.O. Box 149356 Austin, TX 78714-9356
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## Instructions for Completing the Texas Annual Insurance Tax Report

### Surplus Lines Agents/ Purchasing Groups

**NOTE: Reference to "agents" includes agents and agencies in these instructions. Refer also to Publication 94-431 "Guidelines for Premium Tax Compliance with the Nonadmitted and Reinsurance Reform Act" for additional information.**

#### 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.**

#### When to File

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

#### Section I

##### Total Business Reported to the Surplus Lines Stamping Office of Texas (SLSOT)

The Non-admitted and Reinsurance Reform Act of 2010 went into effect July 21, 2011. This Act created a split year for tax-reporting purposes to reflect business under Texas law prior to July 21 and changes in Texas law to comply with the federal law for policies effective on or after July 21, 2011.

##### Specific Instructions for Split Year Reporting Prior to and on or After July 21, 2011

**Item A - Texas Premiums** - Enter the total Texas premiums for policies that were effective prior to July 21, 2011 (net of return premiums) that were reported to the SLSOT during the tax year. Enter the total amount of premiums for policies that were effective on or after July 21, 2011 (net of return premiums) that have been reported to the SLSOT where Texas is the home state of the insured.

**Item B - Texas Premiums** - Enter the total Texas premiums for policies that were effective prior to July 21, 2011 (net of return premiums) that have NOT YET been reported to the SLSOT during the tax year. Enter the total amount of premiums for policies that were effective on or after July 21, 2011 (net of return premiums) that have NOT YET been reported to the SLSOT where Texas is the home state of the insured.

**Item C - Non-taxable Premiums** - Enter the total non-taxable premiums for policies that were effective prior to July 21, 2011 (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 SLSOT. Enter the total amount of premiums for policies that were effective on or after July 21, 2011 (net of returns) where Texas is the home state of the insured and that are non-taxable: either the premiums are exempt from taxation or are preempted from taxation.

**Item D - Other States' Premiums** - Enter the total premiums for policies that were effective prior to July 21, 2011 (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 SLSOT. For multi-state policies in which Texas is the home state of the insured that have an effective date on or after July 21, 2011, report the total policy premium as Texas premium in Item A. Report to the SLSOT the amount of the policy premium that is applied to risks located outside of Texas, using the new category called "Breakdown of States Summary." This will ensure that Texas tax is charged on 100% of the policy premium, but also allows the monitoring of the amount of non-Texas premium for multi-state policies when Texas is the home state of the insured.

**Item E - Non-taxable Premiums** - For policies that are effective prior to July 21, 2011, enter the premiums (net of return premiums) for policies that were effective prior to July 21, 2011 for policies that are 100% exempt or pre-empted and cover risks entirely in states other than Texas. This category does not apply to policies that are effective on or after July 21, 2011.

**Item F - Other States' Premiums** - For policies that are effective prior to July 21, 2011, enter the total taxable premiums (net of return premiums) allocated to other states for policies that exclusively cover states other than Texas. This category does not apply to policies that are effective on or after July 21, 2011.

#### 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, 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 and may change their election every four years. 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 (These premiums will not necessarily match the premiums shown in Section I, because they are based on the reporting method chosen.)

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

##### 1. Texas premiums

- include premiums written or received for policies that are effective prior to July 21, 2011 that cover risks in this state;
- include premiums written or received for new or renewal Texas or multi-state policies that are effective on or after July 21, 2011 where Texas is the home state of the insured and any endorsements on these policies.

**Exempt premiums** are 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).

**2. Texas returned premiums** - Report the unearned portion of the premium that is credited or refunded to a policy holder as a result of cancellation or premium adjustment prior to the policy expiration. An agent reporting on the premium received basis will not have returned premiums.

Endorsements and audits on surplus lines insurance policies must be reported based on the effective date of the endorsement or audit, not the date of the original policy. The tax for endorsements and audits that generate return premiums due a policyholder must be calculated using the tax rate that was originally charged.

#### 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 on this report, 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

- If tax is paid 1-30 days late: Enter penalty of 5% (.05) of Item 11.
- If tax is paid 31-60 days late: Enter penalty of 10% (.10) of Item 11.
- If tax is paid over 60 days late: Enter penalty of 10% (.10) of Item 11 plus interest. Calculate interest at the rate published online at [www.window.state.tx.us](http://www.window.state.tx.us) or call the Comptroller at 1-877-447-2834 for the applicable interest rate.

 **web file**  
Online Tax Filing

Electronic reporting and payment options are available 24 hours a day, 7 days a week. Have this form available when you log on.  
[www.window.state.tx.us/webfile](http://www.window.state.tx.us/webfile)