

2016

Virginia Insurance Premiums License Tax Return Instructions



COMMONWEALTH OF VIRGINIA
DEPARTMENT OF TAXATION
RICHMOND, VIRGINIA

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GENERAL INFORMATION

How to Get Assistance

The Department's Website: The Department's website, www.tax.virginia.gov, has information to help you with your tax filing responsibilities.

e-Alerts: If you sign up for the Department's free e-Alerts service, you will periodically receive electronic newsletters about legislative changes, filing reminders, and other relevant information on topics you select. Sign up today on the Department's website.

Forms Online: Virginia tax forms are available for download.

Secure E-mail: Use the Department's iFile Secure Message Center.

Other Inquiries: Call (804) 404-4163 or write to the **Virginia Department of Taxation, P.O. Box 715, Richmond, VA 23218-0715**. Do not mail returns to this address.

Electronic Filing and Payments

eForms: File and pay your estimated tax online. Simply complete the online version of the paper estimated payment voucher by entering the tax information as you would if you were completing a paper form. Payments are made electronically and you may schedule payments to be made on a future date.

Business iFile: An online version of the estimated voucher allows you to enter tax information as you would if you were completing a paper form. Payments are made electronically and you may schedule payments to be made on a future date.

Web Payments: Pay your annual tax online using web payments. You must be registered for Business iFile to use this payment option.

ACH Credit: Electronically submit your estimated and annual tax payments to the Department. For more information regarding methods for paying electronically, see the Department's Electronic Payment Guide.

Where to File and Pay: Send your return to the **Virginia Department of Taxation, P.O. Box 26179, Richmond, VA 23260-6179**. You can pay online, otherwise, the return must be accompanied by a check or money order made payable to the Virginia Department of Taxation for the amount due.

You can also hand deliver or send by overnight delivery completed forms and payments to the **Virginia Department of Taxation, 1957 Westmoreland Street, Richmond, VA 23230-3225**.

When to File and Pay: Your Insurance Premiums License Tax return should be postmarked no later than March 1, 2017. For more information, call the **Office of Insurance Tax at (804) 404-4163**.

Amended Returns: If it becomes necessary to amend a previously filed Virginia return, prepare a new Form 800 with the corrected figures and with any relevant enclosures. Check the "Amended Return" box on the front of Form 800. File the amended return within 3 years from the due date of the original return. See *Va. Code* § 58.1-1823.

Penalties and Interest: If you fail to submit the Virginia Insurance Premiums License Tax Return by the deadline, **you will be subject to a \$50 late filing fine for each day that the return is late**. All payments made after March 1 are also subject to a 10% late payment penalty and the amount of such penalty shall be added to the amount of the unpaid tax liability. Virginia law requires the Department to assess interest on any unpaid balance of unpaid tax from the payment due date through the date the tax is paid. Interest charges apply to late payments as well as additional balances due or assessed as the result of audit adjustments. *Va. Code* § 58.1-15 sets the interest rate for late payments at the federal underpayment rate established under Internal Revenue Code (IRC) § 6621, plus 2%. For the current daily interest rate, contact the Department at **(804) 367-8037**.

Payments returned by the bank will be subject to a returned payment fee of \$35 in addition to any other penalties that may be incurred.

DIRECT GROSS PREMIUMS INCOME

Taxes are paid on premiums allocated to Virginia on Schedule T of the NAIC Annual Statement. Companies should review the NAIC Annual Statement Instructions and allocate their premiums accordingly.

Amounts Included in Direct Gross Premiums Income: Direct gross premiums income includes all premiums, assessments, dues and fees collected, received or derived, or obligations taken from business in the Commonwealth during the calendar year. Reciprocal or inter-insurance exchanges must include in this report the gross premium or deposit income collected, received, or derived from and credited to the accounts of subscribers from business in Virginia, decreased by all returns for cancellation and all amounts returned to subscribers or credited to their accounts as savings.

Uninsured Motorist Fund: The Uninsured Motorist (UM) Fund distribution is shown in the NAIC Annual Statement as automobile liability premium. It will be necessary to adjust the Annual Statement amount if this distribution was received after December 31. The UM Fund premium is to be shown on Line A of the Form 800 to the extent it is included in the premium reported on Schedule T of the NAIC Annual Statement. The UM Fund premium is to be shown on Schedule 800ADJ on Line 1, to the extent not included in the premium reported on Schedule T of the NAIC Annual

Statement. Penalty and interest will be due if this amount is not shown, and such amount must be added to your return as additional premium.

FAIR Plan Premium: The FAIR Plan premium distribution is reported to you by the Virginia Property Insurance Association. This premium must be shown on Line B of the Insurance Premiums License Tax Return to the extent it is included in the premium reported on Schedule T of the NAIC Annual Statement. It will be necessary to adjust the NAIC Annual Statement amount if this distribution was received after December 31st. The FAIR Plan premium is to be shown on Schedule 800ADJ, Line 2, to the extent it is not included in the premium reported on Schedule T of the NAIC Annual Statement. Penalty and interest will be due if this amount is not shown and such amount must be added to your return as additional premium.

Finance and Service Charges: The Finance and Service Charges are shown on Schedule T of the NAIC Annual Statement and not included in the direct written premium.

Amounts Excluded from Direct Gross Premiums Income: Amounts excluded from Direct Gross Premiums Income include the following: premiums received for reinsurance assumed from licensed insurance companies; premiums that provide life, accident and sickness insurance issued on a group basis insuring your employees, agents and representatives; Federal Employee Health Benefit Plan premiums; federally reinsured crop insurance premiums; Medicare Part D premium and Medicare Advantage premium; and Workers' Compensation premiums on which a premium tax is imposed under the provisions of *Va. Code* § 65.2-1000.

Deductions from Direct Gross Premiums Income: Deductions cannot be taken for dividends paid or on any other account, except for premiums returned on canceled policies, or on account of a reduction in rates or a reduction in the amount insured. Mutual insurers, other than life companies, may deduct refunds or returns made to policyholders other than those made for losses.

ESTIMATED PAYMENTS

Any insurance company with an annual direct gross Insurance Premiums License Tax liability that is expected to exceed \$3,000 is required to file estimated payments each quarter. This \$3,000 limitation is imposed after accounting for any applicable tax credits. Insurance companies must use Form 800ES to calculate estimated payments. This form provides instructions for calculating the amount of Insurance Premiums License Tax an insurance company should pay, as well as the amount and due dates for each payment. Insurance companies may submit payments electronically via the Department's website at www.tax.virginia.gov.

Any insurance company with an annual direct gross Insurance Premiums License Tax liability that is not expected to exceed \$3,000 after all applicable credits have been utilized is not required to make quarterly declarations of estimated Insurance Premiums License Tax. Such a

taxpayer would pay any Insurance Premiums License Tax with the annual report due on March 1 of the year following the taxable year.

WHAT TO ENCLOSE

Listed are the forms and schedules that should be submitted, **if applicable**, with Form 800:

- Form 800V, Virginia Insurance Premiums License Tax Payment Voucher
- Schedule 800ADJ, Virginia Insurance Premiums Schedule of Adjustments
- Schedule 800CR, Virginia Insurance Premiums Credit Schedule
- Schedule 800B, Guaranty Fund Assessment Credit Worksheet
- Form 800C, Underpayment of Virginia Estimated Insurance Premiums License Tax
- Schedule 800RET, Virginia Retaliatory Tax Report
- Schedule 800RET CR, Application for Retaliatory Costs Tax Credit
- Schedule 844, Mutual Assessment Property & Casualty Insurers Statement of Exemption

SCHEDULE 800A - INSURANCE PREMIUMS LICENSE TAX WORKSHEET OVERVIEW

Complete Schedule 800A, the Virginia Insurance Premiums License Tax Worksheet, before beginning Form 800. Enclose the completed worksheet with your return.

Insurer Types

Property, Casualty, and Title Insurers: A property and casualty insurer is a company that may offer a variety of coverages including homeowners, automobile, boiler and machinery, personal injury liability, workers' compensation and miscellaneous property.

A title insurance company offers coverage against losses by reason of liens and encumbrances upon property, defects in the title to property, and other matters affecting the title to property or the right to its use and enjoyment. Title insurance includes insurance of the condition of the title to property and the status of any lien on property. See *Va. Code* § 38.2-123.

Life, Accident, and Sickness Insurers: Life, accident, and sickness insurers provide insurance upon the lives of human beings and against losses resulting from sickness, bodily injury, or accidental death. Life insurance includes policies that provide endowment benefits, accidental death benefits, nonforfeiture benefits in the event of total and permanent disability of the insured, and optional settlement provisions. Life insurance also includes benefits to provide for educational loans, specific disease coverage, and limited benefit health coverage. See *Va. Code* § 38.2-102. Accident and sickness insurance (also commonly referred to as health insurance) is insurance against loss resulting from sickness or from bodily injury or death by accident

or accidental means. Accident and sickness insurance includes agreements insuring against losses resulting from health care claims or the expenses of health care. See *Va. Code* § 38.2-109.

Legal Services Plan: A legal services plan is a contractual obligation or arrangement, whereby legal services are provided in consideration of a specified payment consisting in whole or in part of prepaid or periodic charges. See *Va. Code* § 38.2-4400.

Limited Health, Dental and Optometric Services Plans: Effective July 1, 2015, limited health care services include dental care services, vision care services, and such other services as may be determined by the Commission to be limited health care services. Limited Health care services do not include hospital, medical, surgical, or emergency services except as such services are provided incident to limited health care services. See *Va. Code* § 38.2-4300.

A health services plan is an arrangement for offering or administering health services or similar services by a nonstock corporation. Hospitals, physicians, dentists, and optometrists can participate in a health services plan. Subscribers to a health services plan shall have free choice of the medical practitioners available and participating in the plan.

A dental or optometric services plan is an arrangement for offering or administering prepaid dental or optometric services by a nonstock corporation that is licensed as a dental or optometric services plan under Chapter 45 of Title 38.2.

Risk Retention Groups: A risk retention group is an insurance company whose primary activities consist of assuming and spreading the liability exposures of its members. The members own the risk retention group and obtain all or part of their liability insurance through the group. Because the members are engaged in similar activities, their liability exposures are related. Risk retention groups are not covered by the Virginia Property and Casualty Insurance Guaranty Association, so if the risk retention group becomes insolvent, its insureds cannot rely on the safety net provided by the guaranty fund. See *Va. Code* § 38.2-1039.1

Mutual Assessment Property and Casualty Insurer: A mutual assessment property and casualty insurer is a nonstock company that writes only mutual assessment insurance on property located in Virginia or protecting against losses of members who are residents of Virginia. Each member agrees to pay his pro rata share of all losses or damages sustained, expenses of operation, and the maintenance of adequate surplus. The classes of insurance that may be written by a mutual assessment property and casualty insurer depend upon its minimum surplus to policyholders. See *Va. Code* § 38.2-2503.

Cooperative Nonprofit Life Benefit Companies, Mutual Assessment Life, Accident and Sickness Insurers, and Burial Societies: A cooperative nonprofit life benefit company is a nonstock company that issues benefit certificates or policies of life insurance, annuities, or accident and sickness insurance upon its members. Mutual

assessment life, accident and sickness insurers provide insurance upon the lives of human beings and against losses of Virginia members resulting from sickness, bodily injury or accidental death. Each member agrees to pay his pro rata share of all losses or damages sustained, expenses of operation, and the maintenance of adequate surplus. See *Va. Code* §§ 38.2-3801 and 38.2-3901.

A burial society is any person engaged in the business of providing benefits for any payment of funeral, burial or other expenses of deceased members, by levying assessments or dues that are collected or are to be collected from the members of the society, or from the members of a class of the society. See *Va. Code* § 38.2-4000.

Dental Plan Organization: A dental plan organization is a company that provides directly or arranges for a dental plan. A dental plan is a contractual arrangement for dental services provided or arranged for, that pays benefits or is administered on an individual or group basis. A dental plan includes, but is not limited to, an arrangement where fixed indemnity benefits are paid to an individual or provider for dental services. See *Va. Code* § 38.2-6101.

Home Service Contract Provider: A home service contract provider is an entity that issues a home service contract to perform or indemnify for the repair, replacement, or maintenance of the components, parts, appliances, or systems of a residential dwelling. Home service contracts do not provide coverage for major structural defects and are only considered insurance as provided in Title 38.2, Chapter 26, Article 2. See *Va. Code* § 38.2-2617.

Joint Underwriters Association: A joint underwriters association is a combination of several insurance companies established pursuant to the provisions of *Va. Code* §§ 38.2-2800 or 38.2-2900 that provides medical malpractice liability coverage or commercial liability coverage.

SCHEDULE 800A - INSURANCE PREMIUMS LICENSE TAX WORKSHEET LINE INSTRUCTIONS

Use the following steps to complete the worksheet.

1. Enter the Direct Premium Income reported on Schedule T of the NAIC Annual Statement or Annual Financial Statement submitted directly to the Virginia Bureau of Insurance on the appropriate line(s) in Column A.
2. Enter the net amount of additions and subtractions on the appropriate line(s) in Column B. The net addition and subtraction amounts must equal the amounts reported on Schedule 800ADJ.
3. Calculate the taxable premium amount for each line by adding the amount in Column B to the amount in Column A. Enter this amount in Column C, D, or E, depending on the tax rate that applies to that particular line:
 - For premium income assessed at the tax rate of 2.25% (Lines 1, 2a, 2b, 3, 4a, 4b, 5a, 5b, 6, 9, 10 and 11), enter this amount in Column C.
 - For premium income assessed at the tax rate of 1% (Lines 2c, 7, and 8), enter this amount in Column D.

- For other health services plan premium income assessed at the tax rate of 2.25% (Lines 4c and 5c), enter this amount in Column E.
4. Add Column A, Lines 1 through 10. Enter the total on Column A, Line 12.
 5. Add Column C, Lines 1, 2a, 2b, 3, 4a, 4b, 5a, 5b, 6, 9, 10, and 11. Enter the total on Column C, Line 12.
 6. Add Column D, Lines 2c, 7, and 8. Enter the total on Column D, Line 12.
 7. Add Column E, Lines 4c and 5c. Enter the total on Column E, Line 12.
 8. Compute the amount of tax liability for Columns C, D, and E by multiplying the amount on Line 12 of each column by the applicable tax rate. Multiply the amount on Column C, Line 12 by 2.25%. Multiply the amount on Column D, Line 12 by 1%. Multiply the amount on Column E, Line 12 by 2.25%. Enter these amounts on Line 13 of each column.
 9. Enter the amount from Column A, Line 12 on Form 800, Line 1.
 10. Enter the taxable premium amount from Column C, Line 12 on Form 800, Line 6a.
 11. Enter the taxable premium amount from Column D, Line 12 on Form 800, Line 7a.
 12. Enter the taxable premium amount from Column E, Line 12 on Form 800, Line 8a.
 13. Enter the Insurance Premiums License Tax amount from Column C, Line 13, on Form 800, Line 6b.
 14. Enter the Insurance Premiums License Tax amount from Column D, Line 13, on Form 800, Line 7b.
 15. Enter the Insurance Premiums License Tax amount from Column E, Line 13, on Form 800, Line 8b.

FORM 800 INSTRUCTIONS

Taxpayer Information: Enter your company's name, mailing address, Federal Employer Identification Number, NAIC or License Number and state of domicile as of 12/31/2016 in the space provided.

Check the Box for All That Apply: Check the appropriate box if your company has a name change, an address change, is filing an amended return, or has been involved in a merger or acquisition during the tax year.

If you have been involved in a merger or acquisition, enter the date that the merger or acquisition was recognized in your state of domicile and the date that the merger or acquisition was recognized in Virginia. Also complete the Schedule of Merger Or Acquisition on Form 800, Page 2, listing the name or address, FEIN, and NAIC or Virginia license number of all of the companies that were included in this return as a result of the merger or acquisition.

If the dates that the merger or acquisition were recognized in your state of domicile and Virginia were not on or before December 31 of the same calendar year, each party

involved in the merger or acquisition must file a separate Insurance Premiums License Tax Return and enclose the financial statement associated with the return.

Schedule T Information: Enter the amount included in your direct premium income reported on Schedule T of the NAIC Annual Statement for any Uninsured Motorist premium distributions and Virginia Property Insurance Association (FAIR Plan) premium distribution. If there is premium income that is not included in your direct premium income on Schedule T, complete Schedule 800ADJ, Lines 1 and 2.

Line 1 - Enter the amount of Direct Premium Written Income reported on Schedule T and allocated to Virginia. This amount should be the same as the amount from Schedule 800A, Column A, Line 12.

Line 2 - Enter the total additions amount reported on Schedule 800ADJ, Line 5.

Line 3 - Add Lines 1 and 2.

Line 4 - Enter the total subtractions amount reported on Schedule 800ADJ, Line 10.

Line 5 - Subtract Line 4 from Line 3.

Line 6 - In Column a, enter the amount from Schedule 800A, Column C, Line 12. In Column b, enter the amount from Schedule 800A, Column C, Line 13.

Line 7 - In Column a, enter the amount from Schedule 800A, Column D, Line 12. In Column b, enter the amount from Schedule 800A, Column D, Line 13.

If you are a mutual assessment property and casualty insurer and you are exempt from the Insurance Premiums License Tax pursuant to *Va. Code* § 58.1-2502, check the exemption box, enter the premium income amount on Line 7a, and enter \$0 in Column b. Complete the Schedule 844, Statement of Exemption for Mutual Assessment Property and Casualty Insurers, and enclose it with the return.

The Insurance Premiums License Tax is not imposed on any mutual assessment fire insurance company (as defined in *Va. Code* §§ 38.2-2501 and 38.2-2503) that (i) confines its business to not more than 4 contiguous counties and cities located and wholly surrounded in Virginia, if any such city has a population of not more than 30,000, or (ii) confines its business to more than 4 contiguous counties in Virginia if such counties together have a population not in excess of 100,000.

For purposes of this exemption, a "mutual assessment property and casualty insurer" is defined as a company without capital stock that writes only mutual assessment insurance insuring property located in or protecting against losses of members who are Virginia residents. "Fire insurance" is defined as insurance against the loss of or damage to any property resulting from fire, including loss or damage incident to extinguishing a fire or to the salvaging of property in connection with a fire.

Line 8 - In Column a, enter the amount from Schedule 800A, Column E, Line 12. In Column b, enter the amount from Schedule 800A, Column E, Line 13.

Line 9 - Add Lines 6b, 7b and 8b.

Line 10 - Enter the total amount of nonrefundable tax credits amount from Schedule 800CR, Line 41.

Line 11 - Subtract Line 10 from Line 9.

Line 12 - Enter the total estimated Insurance Premiums License Tax paid during the taxable year.

Line 13 - Enter the refundable Retaliatory Costs Tax Credit amount from Schedule 800CR, Line 42.

Line 14 - Add Lines 12 and 13.

Line 15 - If Line 11 is greater than Line 14, subtract Line 14 from Line 11. Enter that amount on Line 15 and go to Line 17. If Line 14 is greater than Line 11, go to Line 16.

Line 16 - If Line 14 is greater than Line 11, subtract Line 11 from Line 14 and enter that amount on Line 16.

Line 17 - Enter the Retaliatory Tax due from Schedule 800RET, Line 22.

Line 18 - Enter the Total Adjustments Amount from Schedule 800ADJ, Line 15.

Line 19 - Add Lines 17 and 18.

Line 20 - If you owe tax on Line 15, add Line 15 and Line 19. This is the total amount that you owe.

If you do not owe tax on Line 15 and you do not have an overpayment amount on Line 16, but the amount on Line 19 is greater than \$0, enter this amount on Line 20. This is the total amount you owe.

If you overpaid tax on Line 16 and the amount on Line 19 is greater than Line 16, subtract Line 16 from Line 19. This is the total amount that you owe.

Enter the total amount you owe here and, if you are submitting a check or money order, also enter this amount on Form 800V. Unless your payment is made electronically, enclose your check or money order and Form 800V with your return when filing.

Line 21 - If you have an overpayment of tax on Line 16, and Line 19 is less than Line 16, subtract Line 19 from Line 16. This is your refund.

Schedule of Merger or Acquisition: List the name, address, FEIN, and NAIC or Virginia License Number of all of the companies included in this return as a result of a merger or acquisition. Submit copies of this schedule if additional space is needed.

Signature: Sign and date your return.

Discuss Your Tax with Preparer: Check the box if you authorize the Department to discuss this return with your tax preparer.

SCHEDULE 800ADJ LINE INSTRUCTIONS

Section A - Additions: Enter the addition amounts to the extent they are not included on Form 800, Line 1.

Line 1 - Enter the amount of any Uninsured Motorist premium distribution to the extent it is not included on Form 800, Line 1. It will be necessary to manually adjust the Annual Statement if this distribution was received after

December 31. The Uninsured Motorist premium distribution is the proportionate share of premiums received by a company from the distribution of money collected by the DMV and dispersed by the Bureau of Insurance to insurers writing motor vehicle bodily injury and property damage liability insurance on motor vehicles registered in Virginia.

Line 2 - Enter the amount of FAIR Plan premium distribution to the extent it is not included on Form 800, Line 1. It will be necessary to manually adjust the Annual Statement if this distribution was received after December 31. The FAIR Plan Premium is the premium received by a state run pool (Virginia Property Insurance Association) that makes insurance available to those in high risk areas who cannot obtain coverage through normal methods.

Line 3 - Enter the amount of additional finance and service charges not included on Form 800, Line 1.

Line 4 - Enter the two-digit code, listed below, followed by the amount of the other addition amount taxable by Virginia and not reported on Form 800, Line 1. If you have more than 3 additions on Lines 4a - 4c, enter the Code "00" and the total addition amount on Line 4a. Enclose a schedule giving a description and the amount of each "Other Addition."

Code

11 Bail Bond Premiums - The fee received by a company for a bond given to guarantee that a person released from legal confinement will appear as required in court.

12 Excess Workers' Compensation - The amount of premiums paid for workers' compensation coverage over and above the primary coverage policy. The premiums are reported as an addition if they are not taxed as other workers' compensation under Title 65.2. See *Va. Code* § 65.2-1006.

13 Cash Surrender Value - The amount in excess of the current value of the future guaranteed benefits that would have been provided for by the policy pursuant to Title 38.2, Chapter 32.

99 Other - Enclose an explanation for any other addition.

Line 5 - Add Section A, Lines 1 - 4c. Enter here and on Form 800, Line 2.

Section B - Subtractions: Enter the subtraction amounts to the extent they are included on Form 800, Line 1.

Line 6 - Workers' Compensation Premiums (Do not include Workers' Compensation Finance and Services Charges) - The Insurance Premiums License Tax is not imposed on premiums derived from workers' compensation insurance on which a premium tax is imposed under the provisions of *Va. Code* § 65.2-1000. The premium tax on workers' compensation insurance premiums applies to every person, partnership, association, corporation, company, mutual company or association, party to any interindemnity contract or reciprocal plan or scheme, and every other insurance carrier that insures employers in Virginia against liability for personal injuries to their employees or death caused thereby. The premium tax on workers' compensation insurance premiums must be paid annually to the Workers' Compensation Commission.

Enter the amount of premiums income derived from workers' compensation insurance on which a premium tax is imposed under the provisions of *Va. Code* § 65.2-1000.

Line 7 - Federal Employees Health Benefits Program Premiums - pursuant to 5 U.S.C. 8909(f)(1), no state may impose a tax, fee or other monetary payment, directly or indirectly, on a carrier or an underwriting plan administration subcontractor of an approved health benefits plan with respect to any payment made from the Employees Health Benefits Fund.

Line 8 - Medicare Premiums (Do not include Medicare Part D Premiums) - Individual and Groups. Enter the amount of money paid for coverage under the federal program that pays for health care expenses for people age 65 or older and certain people that are younger with disabilities. Per 42 CFR 422.404, no premium tax, fee or other similar assessment may be imposed by any state upon any payment made on behalf of Medicare Advantage (MA) enrollees under the applicable federal regulation or with respect to any payment made to MA plans by beneficiaries, or payment to MA plans by a third party on a beneficiary's behalf.

Line 9 - Other Subtractions - Enter the two-digit code, listed below, followed by the amount of Other Subtractions not taxable by Virginia and reported on Form 800, Line 1. If you have more than 4 subtractions on Lines 9a - 9d, enter Code "00" and the total subtraction amount on Line 9a. Enclose a schedule giving a description and the amount of each "Other Subtraction". Only subtract amounts to the extent they are included on Form 800, Line 1.

Code

- 50** Accident and Sickness Premiums for Company Employees - Pursuant to *Va. Code* § 58.1-2500, the Insurance Premiums License Tax is not imposed on premiums received or derived to provide accident and sickness insurance issued on a group basis by an insurance company insuring its employees, agents, and representatives. Enter the amount of such premiums, to the extent that they were included on Form 800, Line 1.
- 51** Premiums received for reinsurance assumed from licensed insurance companies. Enter the amount of such premiums, to the extent that they were included on Form 800, Line 1. See *Va. Code* § 58.1-2500.
- 52** Deduction of Dividends (certain mutual insurers only) - Mutual insurance companies (other than life insurance companies) may enter the amount of dividends paid to stockholders of the company to the extent that they were included on Form 800, Line 1. Mutual life insurance companies and insurance companies that are not mutual insurance companies cannot claim this subtraction.
- 53** Life Insurance Premiums for Company Employees - Pursuant to *Va. Code* § 58.1-2500, the Insurance Premiums License Tax is not imposed on premiums received or derived to provide life insurance issued on a group basis by an insurance company insuring

its employees, agents, and representatives. Enter the amount of such premiums, to the extent that they were included on Form 800, Line 1.

- 54** Returned Premiums and Subscriber Fees - Insurance companies may subtract amounts returned on cancelled policies or on account of reduction in rates or reduction in the amount insured, to the extent that such amounts were included on Form 800, Line 1. Insurance companies that have subscriber fee income may subtract the amount of returns for cancellation and all amounts returned to subscribers or credited to their accounts as savings, to the extent that such amounts were included on Form 800, Line 1. See *Va. Code* § 58.1-2500.
- 55** Pursuant to 7 CFR 400.176, an insurance company may subtract the amount of any premiums payable on policies of multiple peril crop insurance that it reinsures. Such amounts may be subtracted only to the extent that such amounts were included on Form 800, Line 1.
- 56** Consideration for Contracts for Certain Annuities - Pursuant to *Va. Code* § 58.1-2502, the Insurance Premiums License Tax is not imposed upon consideration for contracts for annuities. For purposes of this subtraction, "annuities" are defined as all agreements to make periodic payments in specified or calculable sums pursuant to the terms of a contract for a stated period of time or for the life of the person or persons specified in the contract.

Variable annuities and modified guaranteed annuities are considered annuities for purposes of this subtraction. Annuities include contracts under which a lump sum cash settlement is an alternative to the option of periodic payments. Annuities do not include contracts for life insurance under *Va. Code* § 38.2-102 or qualified charitable gift annuities (as defined in *Va. Code* § 38.2-106.1).
- 57** Workers' Compensation Finance and Services Charges - Enter the amount of Workers' Compensation Finance and Services Charges to the extent they are included on Form 800, Line 1.
- 58** Medicare Part D Premiums - Enter the amount of Medicare Part D Premiums to the extent they are included on Form 800, Line 1.
- 99** Other - Enclose an explanation for other subtractions.

Line 10 - Add Section B, Lines 6 - 9d. Enter here and on Form 800, Line 4.

Section C Adjustments

Line 11 - Complete Form 800C to determine whether or not you paid the correct amount of estimated tax by the proper due dates. If the minimum amounts were not timely paid, an additional charge may be imposed for the period of underpayment. Enter the amount of the addition to tax from Form 800C, Line 17.

Line 12 - Enter the amount of penalty for late payment.

12a. Insurance Premiums License Tax penalty. If you pay the tax after the due date, you are subject to a penalty of 10% of the tax due on Form 800, Line 15.

12b. Retaliatory Tax penalty. If you pay the tax after the due date, you are subject to a penalty of 10% of the tax due on Form 800, Line 17.

Line 13 - Interest is due on any unpaid tax from Form 800, Line 15 plus Line 17, at the underpayment rate under IRC § 6621, plus 2%, from the due date until the tax is paid.

Line 14 - Enter Fee for Late Filing. Companies are subject to a \$50 late filing fee for each day that the report is late.

Line 15 - Add Section C, Lines 11 - 14. Enter here and on Form 800, Line 18.

TAX CREDITS

Enclose Form 800CR with your return when claiming a credit(s). See the instructions below indicating additional requirements.

The following rules apply when claiming credits on Form 800CR:

- Nonrefundable credits without a carryover provision are claimed first.
- Carryover credits must be fully used before any current year credits may be used.
- To maximize the amount of credits allowed, carryover credits may be claimed in their order of expiration, regardless of the order shown on Form 800CR.

Enterprise Zone Business Tax Credit

Businesses located within an Enterprise Zone that have initiated the use of the Enterprise Zone General Income Tax Credit or have a signed agreement with the Commonwealth regarding the use of such credits in place by July 1, 2005, may be eligible based on job creation to take a credit against the tax due on zone taxable income in an amount equal to 80% of the tax due for the first year and 60% of the tax due for the second through the tenth years. Excess general tax credit, if any, may not be carried forward. Such credits are authorized through fiscal year 2019.

In addition, businesses located within an Enterprise Zone that have initiated the use of the Zone Investment Tax Credit or have a signed agreement with the Commonwealth regarding the use of such credits in place by July 1, 2005, may be eligible for a credit against zone taxable income. The investment credit can be carried forward until the full amount is used. Such credits are authorized through fiscal year 2019. If the annual tax credit requested exceeds the annual appropriation, the Virginia Department of Housing and Community Development (DHCD) will issue a proportionate amount to each qualified business firm requesting the credits.

To claim the Enterprise Zone Credits, businesses qualified by DHCD must complete Enterprise Zone Credit **Form 301**,

and transfer the computed amount to the applicable line(s) on Schedule 800CR. Enclose Form 301, and Schedule 800CR with your return. For application forms and specific information, write to: **Virginia Department of Housing and Community Development, Community Revitalization Office, Main Street Centre, 600 East Main Street, Suite 300, Richmond, VA 23219**, call (804) 371-7030 or visit www.dhcd.virginia.gov.

Neighborhood Assistance Act Tax Credit

The Virginia Neighborhood Assistance Act provides tax credits to businesses that donate money, marketable securities, property, limited professional services and contracting services directly to pre-approved Neighborhood Assistance Program organizations whose primary function is to provide educational or other qualified services for the benefit of low income families. Licensed veterinarians, physicians, dentists, nurses, nurse practitioners, physician assistants, optometrists, dental hygienists, professional counselors, clinical social workers, clinical psychologists, marriage and family therapists, and physical therapists, chiropractors, pharmacists and physician specialists who donate their services for an approved clinic, and mediators certified by the Judicial Council on Virginia may also be eligible for tax credits. In addition, a trust, or a fiduciary for a trust, may receive a tax credit for a donation made to an approved organization. The amount of credit attributable to a partnership or S corporation must be allocated to the partners and shareholders in proportion to their ownership or interest in the partnership or S corporation. Any unused tax credits may be carried forward for the next five taxable years. For a list of approved organizations or additional information, contact: **Virginia Department of Social Services, Neighborhood Assistance Program, 801 E. Main Street, Richmond, VA 23219-3301 or the Virginia Department of Education, 25th Floor, P.O. Box 2120, Richmond, VA 23218-2120, Attn: Neighborhood Assistance Tax Credit Program for Education.**

Historic Rehabilitation Tax Credit

Individuals, estates, partnerships, trusts, or corporations, incurring eligible expenses in the rehabilitation of a certified historic structure are entitled to claim a credit against the tax imposed by *Va. Code* §§ 58.1-320, 58.1-360, 58.1-400, 58.1-1200, 58.1-2500 or 58.1-2620. The credit is equal to 25% of eligible rehabilitation expenses and final certification must be requested within one calendar year of completion. To qualify, the cost of the rehabilitation must equal at least 50% (25% if the building is an owner occupied residence) of the assessed value of the building for local real estate tax purposes in the year preceding the start of the rehabilitation. Unused credits may be carried forward for 10 years. The rehabilitation work must be certified by the Virginia Department of Historic Resources as consistent with the Secretary of the Interior's Standards for Rehabilitation. Certification of buildings and rehabilitations are issued by the Department of Historic Resources and must be enclosed with the tax return when claiming the credit. Applications for certification may be obtained from the **Virginia Department of Historic Resources, 2801**

Kensington Avenue, Richmond, VA 23221, (804) 367-2323 or at www.dhr.virginia.gov.

Major Business Facility Job Tax Credit

Individuals, estates, trusts, corporations, banks, insurance companies and telecommunications companies may claim a Virginia tax credit if the taxpayer creates at least 50 new full time jobs in connection with the establishment or expansion of a major business facility, or if the company is engaged in a qualifying industry in Virginia and creates at least 50 new full-time jobs in Virginia. If a taxpayer is located in an enterprise zone or in an economically distressed area (as defined by the Virginia Economic Development Partnership), the threshold is reduced from 50 to 25. Credits will be recaptured proportionately if employment decreases during the 5 years following the initial credit year.

Qualifying industries include: (1) manufacturing or mining; (2) agriculture, forestry or fishing; and (3) transportation and telecommunications companies. A major business facility includes a headquarters or portion of such a facility located in Virginia, where the majority of the company's financial, personnel, legal, or planning functions are handled either on a regional or national basis. A major business facility shall also include facilities located in Virginia that perform a central management or administrative function for other establishments of the same enterprise such as general management, accounting, computing, tabulating, data processing, purchasing, transportation or shipping, engineering and systems planning, advertising, legal, financial and research and development.

This nonrefundable credit is equal to \$1,000 per qualifying new job in excess of the 50/25 job threshold and is spread over 2 years for taxpayers whose initial credit year begins on or after January 1, 2009. The credit only applies to facilities where an announcement to expand or establish such a facility was made on or after January 1, 1994. The credit must be claimed beginning with the taxable year following the year in which the facility is established or expanded, or the new qualifying jobs are added. Unused credits may be carried forward for the next 10 taxable years.

Any amount unused this year may be carried forward for the next 10 taxable years. Credits will be recaptured proportionately if employment decreases during the 5 years following the initial credit year. If employment decreases below the threshold, the entire credit will be recaptured.

All pass-through entities must complete Form PTE at least 60 days before the participants file their income tax returns. If the participants returns are due before Form PTE is filed, they must file amended returns to claim the credit or file for extensions.

Effective for taxable years beginning on and after January 1, 2012, taxpayers may qualify for the Major Business Facility Job Tax Credit even if they have also received an Enterprise Zone Job Creation Grant. However, any qualified business firm receiving a Major Business Facility Job Tax Credit shall not be eligible to receive both an Enterprise Zone Job Creation Grant and a Major Business Facility Job Tax Credit for the same jobs.

To apply for this credit, complete **Form 304**. All applications must be submitted to the **Virginia Department of Taxation, Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715**, at least 90 days prior to the due date of your return. A letter will be sent to certify the credit. To claim the credit you must complete Part V of Schedule 800CR.

Worker Retraining Tax Credit

The Worker Retraining Tax Credit allows an employer to claim a tax credit for the costs of providing retraining to qualified employees. "Eligible worker retraining" includes noncredit courses that are approved by the **Virginia Economic Development Partnership (VEDP)** and that are provided by any of the Commonwealth's community colleges or a private school. "Eligible worker retraining" programs also include courses (credit and noncredit) undertaken through an apprenticeship agreement approved by the Virginia Apprenticeship Council.

The credit is 30% of all expenditures paid or incurred by the employer during the taxable year, subject to certain limitations. For taxable years beginning prior to January 1, 2013, if the eligible worker retraining consists of courses conducted at a private school, the credit cannot exceed \$100 per qualified employee annually. For taxable years beginning on or after January 1, 2013, if the eligible working retraining consists of courses conducted at a private school, the credit cannot exceed \$200 per qualified employee annually, or \$300 per qualified employee annually if the eligible training includes retraining in a STEM or STEAM discipline. A STEM or STEAM discipline is defined as a science, technology, engineering, mathematics or applied mathematics related discipline as determined by SBSB, and includes health care related disciplines.

Employers must apply for certification of the amount of allowable credit using **Form WRC**, Worker Retraining Tax Credit, by April 1 of the year following the year the training expenses were paid or incurred before claiming the credit on their income tax return. All approved businesses filing a timely **Form WRC** will be notified of their allowable credit by June 30 of the calendar year following the year the training expenses were paid or incurred. The maximum worker retraining credits granted to all employers is limited to \$2.5 million annually. If total credits approved exceed this amount, each will be prorated. The credit is allowable against Individual Income Tax, Estate and Trust Tax, Corporation Income Tax and the Bank Franchise Tax. The credit is also allowable against the Insurance Premiums License Tax and the tax imposed on utility companies (under *Va. Code* § 58.1-2500 et seq. and *Va. Code* § 58.1-2620 et seq.). This credit is nonrefundable, but excess credit may be carried forward for the next three taxable years. To claim this credit complete Part VI of Schedule 800CR. For information on pre-approved apprenticeship programs, contact the **Virginia Department of Labor and Industry** at **(804) 225-4362**. For information on noncredit course approval, contact the **Virginia Jobs Investment Program, Virginia Economic Development Partnership, 901 East Byrd Street, Richmond, VA 23219** or call **(804) 786-2382**.

Guaranty Fund Assessment Tax Credit

An insurance company that is a member of the Virginia Property and Casualty Insurance Guaranty Association or the Virginia Life, Accident, and Sickness Insurance Guaranty Association and that receives an assessment from such association has the option to show a certificate of contribution as an asset on its financial income statement. Such amounts must be amortized over the 10 calendar years following the year the contribution was paid, in an annual amount equal to 10% of the contribution. An insurance company may then claim the Guaranty Fund Assessment Tax Credit annually over a 10-year period in an amount equal to the amortized amount for each year. However, the amount of any Guaranty Fund Assessment Tax Credit claimed by an insurance company must be reduced by the same amount that federal income taxes were reduced for the same assessment.

Schedule 800B, Guaranty Fund Assessment Tax Credit Worksheet, must be completed if a credit is shown on the Virginia Insurance Premiums Credit Schedule (Form 800CR). Columns A - H of the Schedule 800B must be completed for each certificate being shown for the credit.

Complete the FIT Benefit section of Schedule 800B in the initial year of credit carefully.

Guaranty Fund Assessment Tax Credits in excess of the tax liability are not refundable and cannot be carried forward to future taxable years.

Barge and Rail Usage Tax Credit

For taxable years beginning on and after January 1, 2011, but before January 1, 2022, a business may receive an income tax credit for the usage of barge and rail to move cargo containers throughout the Commonwealth rather than using trucks or other motor vehicles on the Commonwealth's highways.

The amount of the credit is \$25 per 20-foot equivalent unit (TEU) or 16 tons of noncontainerized cargo or one unit of roll-on/roll-off cargo moved by barge or rail. To receive this credit, an international trade facility is required to apply to the Department. No more than \$500,000 in tax credits can be issued in any fiscal year. The Department will determine the allowable credit amount for the taxable year and provide a written certification of the credit amount to each taxpayer. Taxpayers can claim this credit against the Individual Income Tax, Estate and Trust Tax, Corporation Income Tax and the Bank Franchise Tax, the Insurance Premiums License Tax, and the tax on public service corporations. Any unused tax credits may be carried over for 5 taxable years.

The business must apply by April 1st using **Form BRU**. Submitting a late application will disqualify you from the credit. All applications must be sent to the **Virginia Department of Taxation, Tax Credit Unit, P.O. Box 715, Richmond, VA 23218-0715**. This credit requires certification from the Tax Credit Unit to be claimed on your tax return. A letter will be sent in order to certify the credit.

For assistance contact the **Tax Credit Unit at (804) 786-2992**.

Education Improvement Scholarships Tax Credit

For taxable years beginning on or after January 1, 2014, but before January 1, 2028, an income tax credit may be claimed for monetary or marketable securities donations made to scholarship foundations included on an approved list published by the Virginia Department of Education. Credits may be earned during taxable years beginning on or after January 1, 2013 but before January 1, 2028. Tax credits earned during the taxable year should be claimed in the year during which they were earned. The credit is equal to 65 percent of the monetary or marketable securities donation made to the scholarship foundation. The credit can be claimed against the individual income tax, corporate income tax, bank franchise tax, insurance premiums license tax, or tax on public service corporations. For individuals, the minimum value of any monetary or marketable securities donation eligible for a tax credit is \$500 in a taxable year, and the maximum value of monetary or marketable securities donations eligible for tax credits is the first \$125,000 in value of donations made in a taxable year. Such limitations on the minimum and maximum values of donations eligible for tax credits in a taxable year do not apply to donations made by any business entity, including a sole proprietorship.

Tax credits will be awarded to taxpayers on a first-come, first-served basis in accordance with procedures established by the Virginia Department of Education. The total amount of credits available in any fiscal year is capped at \$25 million. Any unused tax credits may be carried over for the next five succeeding taxable years or until the total amount of credit has been taken, whichever is sooner. For additional information on how to qualify for certification, contact the **Virginia Department of Education at (804) 225-3375**.

Retaliatory Costs Tax Credit

Qualified domestic insurers may claim a credit against the Insurance Premiums License Tax in an amount equal to the retaliatory costs incurred during the corresponding taxable year as a result of the difference between other states' lower premium tax rates and other costs, and the tax rates and costs imposed by the Commonwealth. Beginning in 2006, the amount of credit is generally limited to 60% of the retaliatory costs paid to other states. However, companies that received a credit in Taxable Year 2000 may continue to claim the full credit.

Any unused Retaliatory Costs Tax Credits may generally be refunded in an amount not exceeding \$800,000 annually per domestic insurance company or affiliated insurance group. Qualified companies that received the Retaliatory Costs Tax Credit in the 2000 taxable year are entitled to receive a refund in an amount up to \$7 million. Refunds for unused credits will be applied to reduce the oldest unused credit carryover amounts. Insurance Premiums License Tax refunds will be issued after July 1 following the filing of the refund application.

Applications for Retaliatory Costs Tax Credits and for a refund of excess taxes may be submitted by a qualified

company individually or on behalf of the members of an affiliated insurance group. Applications must be signed by an independent certified public accountant licensed by the Commonwealth who states that the domestic insurance company or affiliated insurance group is eligible for the credit claimed.

The Retaliatory Costs Tax Credit is taken into account after all other applicable credits. Any credit not taken by a domestic insurance company may be taken by other members of an affiliated insurance group. Any unused tax credits may be carried forward for 10 taxable years.

RETALIATORY TAX REPORT

ATTACH DOCUMENTATION TO THE SCHEDULE 800RET TO SUPPORT YOUR CALCULATIONS.

The Retaliatory Tax Report (Schedule 800RET) is a supplemental report of additional taxes, fees, and other charges due to Virginia in accordance with Va. Code § 38.2-1026, on business transacted during the 2016 taxable year. The report must show all taxes, fines, penalties, fees for licenses or certificates of authority, or any other sum exacted for the privilege of doing business imposed against Virginia insurance companies or their authorized agents by the state or any subdivision thereof in which the company is domiciled. Such taxes, fines, penalties, fees, and other sums are based upon the same kinds of insurance and amount of premium income which the reporting company has transacted in Virginia during the 2016 taxable year, EXCLUDING Workers' Compensation in ALL calculations for Column B. The reported taxes, fines, penalties, fees, and other sums should reflect those paid FOR the 2016 taxable year, not those paid IN the 2016 taxable year for another taxable year. Biennial fees MUST be shown as annual fees in Column B of the report.

Reduced Tax Rates or Tax Credits Based on Investments: Companies domiciled in states that allow reduced tax rates or tax credits based on investments MUST use their Virginia investments for the comparison. The reduced tax rate or tax credit can only be used if the Virginia investments are sufficient to produce the reduced rate.

Municipal Taxes and Fees: Companies domiciled in Alabama, Florida, Georgia, Kentucky, Louisiana, Missouri, South Carolina, or West Virginia must include municipal taxes and/or fees using the information on the chart that you will receive in the mail.

New York Domiciled Life Insurance Companies: New York domiciled life insurance companies must ESTIMATE AND PAY a retaliatory tax, based on estimated franchise tax information, with the Retaliatory Tax Report by March 1 in order to avoid penalties and interest that are associated with all payments made subsequent to March 1. If there is a difference in the Virginia tax liability amount after filing the franchise information in New York, the New York Franchise Tax Forms CT-33 and CT-33-M should be enclosed with your amended Virginia Insurance Premiums License Tax Return. This provision does NOT apply to NON-LIFE insurance companies.

Illinois Domiciled Companies: All Illinois domiciled companies must ESTIMATE AND PAY a retaliatory tax, based on estimated Income Tax information, with the Retaliatory Tax Report by March 1 in order to avoid penalties and interest that are associated with all payments made subsequent to March 1. After you have filed with Illinois and the IRS, a copy of the Corporation Income and Replacement Tax Return, Form IL-1120 is required. If there is a difference in the Virginia tax liability, you must file an AMENDED Virginia Premiums License Tax Return, Form 800.

SCHEDULE 800RET LINE INSTRUCTIONS

All non-domestic insurers, except insurance companies domiciled in Canada, are required to file Schedule 800RET. For purposes of determining whether the retaliatory tax applies, an alien insurance company is considered domiciled in the state where it has the largest amount of its assets held in trust and on deposit for the benefit of its policyholders, or of its policyholders and creditors in the United States. An insurance company incorporated in Canada is considered domiciled in Canada.

Domestic insurance companies are not required to complete Schedule 800RET. All other insurance companies that file Form 800 must complete Schedule 800RET. Schedule 800RET must be filed, and the amount of any retaliatory tax owed must be paid by March 1 of each year. Any insurance company that fails to pay the retaliatory tax is subject to interest at the rate set forth in Va. Code § 58.1-15, and a penalty equal to 10% of the amount due for the period between the due date and the date of full payment.

When a domestic insurer (or its agents) is subject to regulatory costs in another state that are greater than those imposed by Virginia upon insurers domiciled in that state (or their agents), then the regulatory costs imposed by Virginia on foreign insurers from such state are increased to equal the regulatory costs imposed by the other state on the domestic insurer (or its agents).

For purposes of this retaliatory tax, regulatory costs include the following:

- Any deposits of securities,
- The payment of taxes, fines, penalties or fees exacted for the privilege of doing business, and
- Any restitutions, obligations or conditions necessary for doing business.

Column A - Virginia Basis

- Line 1 Enter the Total Insurance Premiums License Tax amount from Form 800, Line 9.
- Line 3 Enter the Workers' Compensation Tax amount paid to the Virginia Workers' Compensation Commission.
- Line 5 Enter the Annual Corporation Registration fee amount paid to the Clerk of the Virginia State Corporation Commission.

- Line 7 Enter the Fee for Safekeeping Deposit amount paid to the Treasurer of Virginia.
- Line 10 Enter the amount of the annual maintenance assessment paid to the Virginia State Corporation Commission's Bureau of Insurance.
- Line 11 Enter the amount of the Fire Programs Fund assessment paid to the Virginia State Corporation Commission's Bureau of Insurance.
- Line 12 Enter the amount of the Dam Safety, Flood Prevention and Protection Assistance Fund assessment paid to the Virginia State Corporation Commission's Bureau of Insurance.
- Line 13 Enter the amount of the Help Eliminate Automobile Theft (HEAT) Fund assessment paid to the Virginia State Corporation Commission's Bureau of Insurance.
- Line 14 Enter the amount of the Virginia State Police Insurance Fraud Fund assessment paid to the Virginia State Corporation Commission's Bureau of Insurance.
- Line 15 Enter the amount of the Managed Care Health Insurance Plan (MCHIP) assessment paid to the Virginia State Corporation Commission's Bureau of Insurance.
- Line 16 Enter the amount of the Virginia Birth-Related Neurological Injury Compensation assessment paid to the Virginia State Corporation Commission's Bureau of Insurance.
- Line 19 Enter the number of initial and renewal Agent/ Agency Appointment Fees paid to the Virginia State Corporation Commission's Bureau of Insurance.
- Line 20 Other – Specify in detail other taxes or fees not listed and paid to Virginia.
- Line 21 Total of Column A, Line 1 through Line 20c.

the tax rate of your state of domicile. You must include the premium income used to determine the amount entered on Line 2, Column B on Line 2, Section A.

- Line 4 Enter the company license or certificate of authority fee amount for conducting business in your state of domicile for the current taxable year on the basis of your state of domicile.
- Line 5 Enter the annual corporation registration fee amount for conducting business in your state of domicile for the current taxable year on the basis of your state of domicile.
- Line 6 Enter the annual statement filing, abstract or publication fee amount for conducting business in your state of domicile for the current taxable year on the basis of your state of domicile.
- Line 7 Enter the safekeeping deposit fee amount for conducting business in your state of domicile for the current taxable year on the basis of your state of domicile.
- Line 8 Enter the corporation permit tax amount for conducting business in your state of domicile for the current taxable year on the basis of your state of domicile.
- Line 9 Enter the capital stock tax amount for conducting business in your state of domicile for the current taxable year on the basis of your state of domicile.
- Line 10 Enter the assessment for maintenance of the Bureau of Insurance amount for conducting business in your state of domicile for the current taxable year on the basis of your state of domicile.
- Line 11 Enter the fire programs assessment amount for conducting business in your state of domicile for the current taxable year on the basis of your state of domicile.

Column B - Basis for State Domicile as of 12/31/16

(Enter State Abbreviation)

- Line 1 Enter the amount of Insurance Premiums License Tax that you would have paid in your state of domicile on the amount of premium income allocated to Virginia for the 2016 taxable year. To compute this amount, deduct the Virginia Workers' Compensation Premium from Direct Premiums shown on Schedule T, and adjusted based on the allowances of your state of domicile, multiplied by the Insurance Premiums License Tax rate(s) of your state of domicile. Enclose documentation to support your computation.
- Line 2 Enter the amount of annuity or fire marshall taxes on the basis of your state of domicile. Calculate the amount based upon annuity or fire premium income derived in Virginia and adjusted by the basis of your state of domicile multiplied by

- Line 12 Enter the flood assessment amount for conducting business in your state of domicile for the current taxable year on the basis of your state of domicile.
- Line 13 Enter the HEAT assessment amount for conducting business in your state of domicile for the current taxable year on the basis of your state of domicile.
- Line 14 Enter the fraud assessment amount for conducting business in your state of domicile for the current taxable year on the basis of your state of domicile.
- Line 15 Enter the managed care health insurance plan assessment amount for conducting business in the preceding year on the basis of your state of domicile.
- Line 16 Enter the birth-related neurological injury fund assessment amount for conducting business in your state of domicile for the current taxable year on the basis of your state of domicile.

- Line 17 Enter the municipal average gross premiums tax amount for conducting business in your state of domicile. This calculation is based upon the amount of premium income derived in Virginia multiplied by the state of domicile average municipal tax rate(s) provided by the Department. Companies domiciled in Kentucky must provide the amount of premium income from policies issued during the previous year. Companies domiciled in Alabama must provide the premium income amount of policies renewed without change.
- Line 18 Enter the municipal average fixed fees amount for conducting business in your state of domicile. This amount is based upon the average fixed fee amounts provided by the Department.
- Line 19 Enter the Agent/Agency Appointment Fees amount for conducting business in your state of domicile. The calculation is based upon the number of initial appointments and number of renewal appointments in Virginia multiplied by the fee imposed by your state of domicile.
- Line 20 Other – Enter in detail any other taxes or fees not listed and the amount imposed by your state of domicile for conducting business in your state of domicile. Enclose a spreadsheet if additional space is needed.
- Line 21 Total of Line 1 – Line 20d, Column B.

Total Amount Due

- Line 22 Compare Line 21, Column A and Line 21, Column B. If Line 21, Column A is less than Line 21, Column B, the Retaliatory Tax Amount Due is Line 21, Column B, minus Line 21, Column A. Enter this amount on Line 22. If Line 21, Column A, is greater than Line 21, Column B, enter \$0 on Line 22.
- Enter the amount from Line 22 on Form 800, Line 17.

SCHEDULE 800RET CR LINE INSTRUCTIONS

- Line 1 Enter the amount of retaliatory cost paid, as defined in *Va. Code* § 58.1-2510.
- Line 2 If the Retaliatory Costs Tax Credit was received for the 2000 taxable year, enter the amount from Line 1 multiplied by 100%.
- Line 3 If the Retaliatory Costs Tax Credit was not received for the 2000 taxable year, enter the amount from Line 1 multiplied by 60%.
- Line 4 Enter the amount of Retaliatory Costs Tax Credit carryover from prior years.
- Line 5 Total Retaliatory Costs Tax Credit available. Enter the sum of Lines 2, 3 and 4.
- Line 6 Retaliatory Costs Tax Credit allocated. Enter the sum of Lines 6a through 6f.

- Line 7 Remaining Retaliatory Costs available for refund. Subtract Line 6 from Line 5 and enter on Line 7.
- Line 8 Refundable Retaliatory Costs Tax Credit Allowed. Check the applicable box to identify your refund.
- Check the first box if the amount on Line 2 is greater than 0. Your refund cannot exceed \$7,000,000. Provide details on the schedule to allocate the credit amount available on Line 5. Enclose a separate schedule if more space is needed.
- Check the second box if the amount on Line 3 is greater than 0. Your refund cannot exceed \$800,000. Provide details on the schedule to allocate the credit amount available on Line 5. Enclose a separate schedule if more space is needed.
- Enter on Line 8 the lesser of the Remaining Retaliatory Costs available from Line 7 or the Retaliatory Costs Tax Credit Limit.
- Line 9 Retaliatory Costs Tax Credit. Enter the sum of Line 6 plus Line 8 here and on Schedule 800CR, Line 42.
- Line 10 Carryover Retaliatory Tax Credit. Line 5 minus the sum of Line 6 and Line 8. This is the amount of Retaliatory Tax Credit to be carried forward to taxable year 2017.

SCHEDULE 800B LINE INSTRUCTIONS

- Column A Enter the assessment notice date received from the guaranty fund association for each certificate of contribution being claimed for credit against the Insurance Premiums License Tax.
- Column B Enter the certificate of contribution date for each certificate received from the guaranty fund association for credits claimed.
- Column C Enter the certificate of contribution amount for each certificate of contribution received from the guaranty fund association for credits claimed.
- Column D An insurance company is allowed to claim an amortized credit over the 10 calendar years following the year the contribution was paid, in an annual amount equal to 10% of the contribution. Calculate and enter the allowable amortized amount from each certificate of contribution for the taxable year. Sum the amounts from Column D and enter the total on Line 16, Column D. Enter the total amount from Line 16 of Column D on Schedule 800CR, Line 27.
- Column E Check the appropriate box to indicate whether the guaranty fund assessment on each certificate of contribution was expensed on your company's financial

income statement. If your company included the guaranty fund assessment as an asset on its financial income statement, check yes. Otherwise, check no. If you checked "Yes" for any certificate claimed for credit and this is the first year you expensed the certificate(s) claimed the Guaranty Fund Assessment(s) on your Income Statement or you previously expensed the Guaranty Fund Assessment(s) on your Income Statement and the Federal Income Tax rate was adjusted, check the "Yes" box on Schedule 800CR, Line 28.

Column F Enter your company's effective federal income tax rate for the year in which the guaranty fund assessment was deducted for each assessment where you indicated "Yes" in Column E.

Column G The amount of any Guaranty Fund Assessment Credit claimed by an insurance company must be reduced by the same amount which federal income taxes were reduced for the same assessment. Enter the reduction in the allowable credit amount for the taxable year as result of treatment for federal income tax for each assessment

where you indicated "Yes" in Column E. Multiply Column C by Column F. Divide the product by 10 and enter in Column G. Enter the total amount from Line 16 of Column G on Schedule 800CR, Line 29.

Column H Enter the Guaranty Fund Assessment Credit allowable amount for taxable year 2016 for each certificate of contribution. Sum the amounts from Column H and enter on Line 16 of Column H. The amount on Schedule 800CR, Line 30 should be either the amount from Column H, Line 16 of Schedule 800B or the total amount of credit that may be claimed against the remaining tax liability, whichever is less. Any unused credits may not be carried forward to future taxable years. Subtract the amount(s) in Column G from the amount(s) in Column D and enter on the appropriate line in Column H.