

2022 ANNUAL PREMIUM TAX FILING INFORMATION/FAQ (For year ending December 31, 2022)

The Department requires electronic filing through OPTins. Instructions for electronic filing can be found at www.optins.org

Who needs to file a premium tax return? All insurance companies licensed in Nebraska at any time during the tax year. Licensed companies who transacted no insurance business in the State during the tax year are still required to file. Insurers whose annual tax due is four thousand dollars or more are required to file quarterly. (Neb. Rev. Stat. §77-908, Neb. Rev. Stat. §77-918)

What are premium tax filing due dates?

Annual returns - Due on or before March 1.

Quarterly returns – Due on or before due April 15, June 15, and September 15.

(Neb. Rev. Stat. §77-908, Neb. Rev. Stat. §77-918)

What documentation is required to be submitted with all returns?

- A. **Property & Casualty, Title, and Risk Retention Groups** – Nebraska Exhibit of Premiums & Losses (state page) and Schedule T
- B. **Life & Health Companies** – Nebraska Direct Business Page (state page) and Schedule T
- C. **All companies** - Supporting documentation for any credit/deduction taken
- D. **NE domestic companies** – *Supporting documentation for the calculation of orphan premium*

How to submit payment:

Electronic filings - Payment will be made electronically through OPTins. A separate filing should be made for each company within a group.

What are the penalties for late filings?

Insurers who fail to pay any premium or retaliatory tax when due shall pay an interest at the rate of 5% as prescribed by Neb Rev Stat. §45-104.02 and Revenue Ruling 99-18-1. Any insurer who fails to make payments within the prescribed time period shall also be subject to the penalties prescribed in Neb Rev Stat. §77-911.

Are premium taxes retaliatory?

Nebraska implements a retaliatory tax law which provides that any taxes or other fees, in the aggregate, as would be imposed on Nebraska insurers which exceed those Nebraska imposes on insurers domiciled in other states shall result in a retaliatory tax. Taxes imposed by political subdivisions are considered imposed by the state.

What is included in taxable premium?

Taxable premiums include premiums paid on the lives of persons residing in this state and premium paid for risks located in this state whether the insurance was written in the state or not; including that portion of a group premium which represents the premium for insurance on Nebraska residents or risks located in Nebraska included within the group when the number of lives in the group exceeds five hundred.

Gross Direct Premiums are considered net of return premiums and include all premiums, membership fees, assessments, dues and other payments of similar description, whether collected in cash or notes, and all other premiums credited to premium income, such as premiums in the course of collection and premiums charged to agent accounts. Do not include premiums received on reinsurance assumed and do not deduct premiums paid on reinsurance ceded.

For Nebraska Domestic companies the tax shall also include premiums received for insurance written on individuals outside this state or risks located outside this state if no comparable tax is paid by the direct writing domestic company to any other appropriate taxing authority. This is referred to as orphan premium.

All amounts on the tax return should be rounded to the nearest dollar.
(Neb. Rev. Stat. §77-908)

What is the premium tax rate?

| <u>Line of Business</u> | <u>Rate</u> |
|--------------------------------|-------------|
| • Property & Casualty | 1% |
| • Title | 1% |
| • Individual Accident & Health | 1% |
| • Group Accident & Health | 0.5% |
| • Captive Insurers | 0.25% |

| <u>Other Taxes and Assessments</u> | <u>Rate</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| • Fire Tax (Foreign Insurers) | 0.75% |
| • Fire Tax (Domestic Insurers) | 0.375% |
| ○ The fire Tax is based on gross direct writing premiums and assessments received by a company for fire insurance business done in Nebraska | |
| • Insurance Fraud Assessment | \$100 |
| • Workers Compensation Court | 1% of gross premiums for workers' compensation |

Cash Fund

insurance written in the state.

- Workers Compensation Trust Fund 2% of workers' compensation benefits paid by company during preceding calendar year. There is no Trust Fund assessment for 2022.

What tax credits are allowed?

PLEASE NOTE: when entering the amount of tax credits on the form, you should not enter more credit than the highest tax liability due on either the Nebraska basis or state of domicile basis.

- Guaranty Fund Assessments – Assessments are deductible at the rate of 20% per year beginning with the calendar year following the year in which the assessment is paid. Copies of each contribution certificate must be attached to support the deduction.
(Neb. Rev. Stat. §44-2407 (d), 44-2716)
- New Markets Job Growth Investment Tax Credit – a copy of Form 3800N must be attached to support the deduction.
(Neb. Rev. Stat. §77-1101 – 77-1119)
- Nebraska Historic Tax Credit, Nebraska Job Creation and Mainstreet Revitalization Act – a copy of Type A or Type B Tax Credit Certificates must be attached to support the deduction. Credit will NOT be allowed without a completion certificate attached.
(Neb. Rev. Stat. §77-2901 – 77-2912)
- Community Development Assistance Act contribution – a copy of Form 1099 NTC must be attached to support the deduction.
(Neb. Rev. Stat. §77-2734.03)
- Affordable Housing Tax Credit – a copy of form 3800N must be attached to support the deduction.
(Neb. Rev. Stat. §77-2501 – 77-2507)

What are the Guaranty Fund Assessments Applicable to the 2022 Tax Year?

Property and Casualty Assessments

| | | <u>Tax Year</u> |
|----------|---------------------------------------------------|------------------|
| 10/16/17 | Class "A" Administrative Assessment | 2018-2022 |
| 10/17/17 | Lumbermen's Mutual Casualty Co (Work Comp) | 2018-2022 |
| 10/17/17 | Red Rock Insurance Company (Work Comp Assessment) | 2018-2022 |
| 10/17/17 | CastlePoint National Insurance Company | 2018-2022 |
| 10/18/18 | Class "A" Administrative Assessment | 2019-2023 |
| 10/08/19 | Class "A" Administrative Assessment | 2020-2024 |
| 10/17/21 | <i>Gateway Insurance Company</i> | <i>2022-2026</i> |
| 10/17/21 | <i>American Service Insurance Company</i> | <i>2022-2026</i> |

Life and Health Assessments

| | | <u>Tax Year</u> |
|----------|------------------------------------------------|-----------------|
| 04/14/17 | Penn Treaty/American Network Insurance Company | 2018-2022 |

Any amendment filed after April 15 that results in an overpayment will not be given a refund but a credit to be used toward future filings.

Please refer to Nebraska Statutes and the NAIC 2022 Retaliatory Guide for more details.

Please forward any questions to doi.premiumtax@nebraska.gov