

1979 Legislation

Determination of Direct Premiums for the Additional  
Franchise Tax on Insurance Corporations

Chapter 389 of the Laws of 1979 amended paragraphs (1) and (4) of Section 1510(c) of Article 33 (Franchise Taxes on Insurance Corporations) of the Tax Law.

The amendment to paragraph (1) of section 1510(c) defines the term "premium" to include premiums which have been used as a measure of tax on business of any other state or states. The amendment to paragraph (4) of section 1510(c) excludes from direct premiums subject to tax in New York State, the premiums which have been used as a measure of tax of any other state or states.

Originally, where an out of the state excess line broker placed business with a New York insurance company not authorized to do business in the state where the risk was located, the premium may have been subject to tax in the state where the risk was located, payable by the excess line broker and the same premium was subject to tax in New York State, payable by the New York insurance company. Because of the amendments to the law, the New York insurance company is now allowed to exclude such premiums from the direct premiums subject to tax in New York State when tax measured by the amount of such premiums is paid to another state or states by the out of state excess line broker.

The act took effect on June 29, 1979 and shall apply to taxable years beginning on or after January 1, 1979.