



Instructions for Form CT-33

Franchise Tax Return for Insurance Corporations

CT-33-I

Privacy Notification

Our authority to require this personal information, including identifying numbers (social security numbers, etc.) is found in sections 211, 213-a and 1096, Article 9-A in general of the Tax Law and Parts 6 and 7 of the Business Corporation Franchise Tax Regulations.

We will use this information primarily to determine New York State corporation tax liabilities under Article 9-A of the Tax Law. We will also use it for tax administration and as necessary under Tax Law section 211 and for any other purpose authorized by law, and when the taxpayer gives written authorization to this department for another department, person, agency or entity to have access, limited or otherwise, to information contained in the return.

Your failure to provide the required information may result in civil penalties under sections 217 and 1065 of the Tax Law and Part 9 of the Business Corporation Franchise Tax Regulations and/or criminal penalties under Article 37 of the Tax Law.

Our authority to maintain this information is found in section 211(7) of the Tax Law. This information will be maintained by the Director, Data Management Services Bureau, NYS Tax Department, Building 8, Room 905, W. A. Harriman Campus, Albany, NY 12227; telephone (from New York State only) 1 800 CALL TAX (1 800 225-5829); from outside New York State, call (518) 438-8581.

Who Must File Form CT-33

- Domestic insurance corporations for the privilege of exercising a corporate franchise;
- Foreign and alien insurance corporations doing business, employing capital, owning or leasing property or maintaining an office in this state;
- Life insurance companies whose *Certificate of Authority* from the Superintendent of Insurance has expired or that ceases to transact new business in this state but has business remaining in force in this state;
- Risk retention groups as defined in subsection (o) of section 5902 of the Insurance Law.

Exception: Corporations that do business only on the New York Insurance Exchange do not have to file Form CT-33.

Definition of Insurance Corporation. An insurance corporation as defined by section 1500 of Article 33 of the New York State Tax Law is any corporation, association, joint stock company or association, person, society, aggregation or partnership, doing an insurance business or doing an insurance business as a member of the New York Insurance Exchange. It includes the State Insurance Fund, and savings and insurance banks authorized to transact business by Article 6-a of the New York State Banking Law. It also includes insurance corporations exempt from federal income tax. Article 33 does not apply to entities specifically exempt by Tax Law section 1512.

When and Where to File

The due date for filing is 2½ months after the close of the reporting period. If you are reporting for the 1989 calendar year, file your return on or before March 15, 1990.

Mail returns to:

NYS Corporation Tax - Processing Unit
P.O. Box 1909, Albany, NY 12201-1909

You must also file a copy of Form CT-33, *Franchise Tax Return for Insurance Corporations*, with the New York State Insurance Department.

If you cannot meet this filing deadline you may ask for a six-month extension of time by filing Form CT-5.2.

Change of Business Information — If there have been any changes in your business name, ID number, mailing address, business address, telephone number or owner/officer information, complete the enclosed Form DTF-95, *Change of Business Information*. If no form is enclosed call 1 800 462-8100 (from out of state (518) 438-1073) to request one. If your address has changed, check the box next to the name and address on the form.

Metropolitan Transportation Business Tax Surcharge

Any insurance corporation taxable under Article 33 that does business, employs capital, owns or leases property or maintains an office in the Metropolitan Commuter Transportation District must file Form CT-33-M and pay the MTB tax surcharge imposed by section 1505-a. The MCTD includes the counties of New York, Bronx, Kings, Queens, Richmond, Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester. Corporations not doing business in the MCTD must disclaim liability for the tax surcharge by answering "no" and are no longer required to file Form CT-33-M.

Tax Surcharge

Do not confuse with the Metropolitan Transportation Business Tax Surcharge imposed by section 1505-a. Chapter 61 of the Laws of 1989 provides for a tax surcharge to be imposed at the rate of 2½% on the lower of the tax computed under sections 1501 and 1510 of Article 33 or the limitation on tax computed under section 1505 of Article 33, before allowance of any tax credits computed under section 1511. The tax surcharge is effective for tax years ending after June 30, 1989 and will cease with tax years ending before July 1, 1992. It cannot be imposed upon any taxpayer for more than 36 months. See TSB-M-89(5)C for additional information.

Omnibus Tax Equity and Enforcement Act

The Omnibus Tax Equity and Enforcement Act, (Chapter 65, Laws of 1985) imposes strong civil and criminal penalties for negligence or fraud. For more information about this act contact the Taxpayer Assistance Bureau (see page 4).

Real Property Gains Tax

Every corporation with an interest in real property located in New York State must keep a record of the transfer of its stock and report annually

every transfer of a *controlling interest* in its stock and any other information that may be required to enforce this tax. Controlling interest is either 50 percent or more of the total combined voting power of all classes of stock or 50 percent or more of the capital, profits or beneficial interest in that voting stock (Article 31-B, section 1449-a(1).)

Answer both questions on page 1 of Form CT-33. If you answer "yes" to both questions, attach a separate sheet providing the following information:

- Name, address and identification number of the new controlling stockholder (use social security number for individual and federal employer identification number for corporations).
- Date transfer was made.
- Location of real property.

Whole Dollar Amounts

Amounts may be shown in whole dollars rather than dollars and cents. Round any amount from 50 cents through 99 cents to the next higher dollar, and round any amount less than 50 cents to the next lower dollar. If you round to the nearest dollar, round for all amounts.

Processible Forms

Returns must be prepared in a manner that will permit their routine handling and processing. Interest will not be paid on an overpayment of taxes until the return is in a processible form.

Computerized Returns

Computer-produced corporation tax returns will be accepted if you have received permission to file them and if they meet our specifications. For information, see Publication 76, *Specifications For Computer-Generated Corporation Tax Returns*, or write to:

NYS Tax Department - Taxpayer Assistance Bureau
W. A. Harriman Campus, Albany, NY 12227

Signature

The return must be certified by the president, vice president, treasurer, assistant treasurer, chief accounting officer or other officer authorized by the taxpayer.

If an outside individual or firm prepared the return, the signature of the person and the name of the firm must be included.

Schedule A — Computation of Tax

Line 3 — To compute the alternative tax measured by income plus compensation:

- a. Add the entire net income from line 70 and the total salaries and compensation paid to the officers and stockholders from line 72. If line 70 is a loss, subtract it from line 72.
- b. Deduct \$15,000 (or a proportionate part if return is for a period of less than one year) from the amount computed at a.
- c. Multiply the result of b by 30%.
- d. Multiply the amount computed at c by the allocation percentage from line 32.
- e. Enter the result of d on line 3, and multiply the result by 9% to compute the tax.

Line 9 - Section 1505(a) limits taxes imposed by Sections 1501 and 1510. These taxes, computed without the deduction of any credits, may not exceed an amount computed as if the taxes were determined solely under Section 1510 (additional franchise tax based on premiums), using a rate of 2.6%.

When computing the limitation, an insurance corporation that receives more than 95% of its premiums from annuity contracts, group insurance for the elderly, or ocean marine insurance must treat such premiums as taxable premiums (Section 1505(b).)

Complete Schedule I. Enter the total premiums from line 82, column B in the box on line 9 and multiply by 2.6%.

Line 10 — The tax due is the amount shown on line 8 or line 9, whichever is smaller.

Line 11 — Check the box for each credit claimed and enter the total amount of the credits. If more than one credit is claimed, you must apply them in the following order:

- a. Economic development zone capital corporation credit - Attach a copy of Form DTF-602.
- b. Economic development zone wage tax credit - Attach a copy of Form DTF-601.
- c. Eligible business facility tax credit - Attach a copy of Form CT-45.

- d. Credit for taxes on premiums for any insurance against loss or damage by fire under section 9104 and 9105 of the Insurance Law or under the charters of the cities of Buffalo or New York. These taxes must have been paid or accrued during the tax year covered by this return. The credit is limited to the amount reported on line 10 less the economic development zone capital corporation credit, the economic development zone wage tax credit and the eligible business facility tax credit claimed, if applicable. The credit cannot be carried over to any other year (section 1511(a)).
- e. Retaliatory tax credit — See instruction for Schedule J on page 4. Do not claim the MTB surcharge retaliatory tax credit on this return.
- f. Special additional mortgage recording tax credit — attach Form CT-43.

If you claim more than one type of credit, attach a separate sheet showing how credits are applied.

Line 13 — If the tax and tax surcharge on this return is more than \$1,000, and Form CT-5.2, *Application for Extension*, was not filed, a mandatory first installment is required for the period following that covered by this return. Enter 25% of the tax shown on line 12c.

Note: A taxpayer making mandatory installments also must make a declaration of estimated tax and installment payments based on the estimated tax. Form CT-400, *Installment of Estimated Corporation Tax*, will be mailed to each taxpayer.

Line 15 — The amount entered on this line should be the total of all prepayments of estimated tax including overpayment carryover from the preceding period and payment made with Form CT-5.2, *Application for Extension*, if this form was filed.

Line 17 — If you do not pay the tax due on or before the due date (determined without regard to any extension of time) you must pay interest on the amount of underpayment from the due date to the date paid. You may call the Taxpayer Assistance Bureau for the current rate or have the interest computed for you; from inside New York State call 1 800 CALL TAX (1 800 225-5829); outside New York State call (518) 438-8581.

Line 18a

Additional charges for late filing are computed on the amount of tax required to be shown on the return after deduction of any payment made on or before the due date.

- If you do not file a return when due or if the application for extension is invalid, add to the tax 5% per month up to 25% (section 1085(a)(1)(A)).
- If you do not file a return within 60 days of the due date, the addition to tax cannot be less than the smaller of \$100 or 100% of the amount required to be shown as tax (section 1085(a)(1)(B)).
- If you do not pay the tax shown on a return, add to the tax ½% per month up to 25% (section 1085(a)(2)).
- The total of the additional charges in a and c may not exceed 5% for any one month except as provided for in b above (section 1085(a)).

If you think you are not liable for these additional charges, attach a statement to your return explaining reasonable cause for the delay in filing and/or payment (section 1085).

Line 18b

If you underpaid your estimated tax, use Form CT-222, *Underpayment of Estimated Tax by Corporations*, to compute the penalty. Attach Form CT-222. Enter "0" if no penalty is due.

Schedule B — Allocation of Reinsurance Premiums

Complete this schedule to allocate to New York the reinsurance premiums when the location or residence of the property or risks covered by the reinsurance cannot be determined.

Column C — Enter the percentage each ceding corporation's New York premiums bears to its total premiums for the preceding tax year (reinsurance allocation percentage). This percentage may be obtained from tax service publications or by applying, in duplicate, to the address shown on page 4. If the ceding corporation did not do business in New York State during the preceding year and therefore did not file a New York tax return, the percentage is zero.

Schedule C — Computation of Allocation Percentage

A taxpayer doing business both within and outside of New York State may allocate its business and investment capital, entire net income, and total of entire net income plus compensation.

The income allocation percentage is computed by adding the percentages allocated to New York State of the taxpayer's premiums (multiplied by nine) and payroll and dividing the total by ten.

If the premiums factor is missing, the income allocation percentage is the payroll factor percentage on line 30. If the payroll factor is missing, the income allocation percentage is the premiums factor percentage on line 26. A factor is missing if both its numerator and denominator are zero.

A taxpayer that is a partner in a partnership or a minority stockholder in a corporation that is a member of the New York Insurance Exchange must include in this schedule their proportionate share of total premiums and wages from the operations of the Exchange.

Line 24(a) — Enter the total New York taxable premiums received from life insurance and nonlife insurance from Schedule I, Column A, lines 76, 77 and 78, plus any additional premiums on these types of policies that were written, procured or received in New York on business which cannot be specifically assigned as located or resident in any other state or states which were not included on line 76, 77 or 78 (attach schedules for such additional premiums). See section 1504(b)(2)(A) of the Tax Law.

Line 24(b) — Enter the total ocean marine premiums written, procured or received on property or risks located or resident in New York and those ocean marine premiums written within New York on property or risks which cannot be specifically assigned as located or resident in any other state or country. See section 1504(b)(2)(C) of the Tax Law.

Line 24(c) — Enter the total of premiums for annuity contracts and insurance for the elderly that are written, procured or received on risks located or resident in New York and those premiums for annuity contracts and insurance for the elderly written, procured or received in New York on business which cannot be specifically assigned as located or resident in any other state or states.

Line 24(d) — Enter the total New York premiums on reinsurance assumed from authorized companies. Include premiums allocated to New York State where the location of the risk cannot be determined (Schedule B, line 23) and premiums from risks located in New York State.

Line 24(f) — Enter the total amount of New York premiums included on Line 24(e) that were ceded to other insurance companies.

Attach a separate sheet showing the computation of New York premiums included in lines 24(a) through 24(f).

Line 25 — Total premiums are to be reported on a written or paid-for basis, consistent with the basis required by the annual statement filed with the Superintendent of Insurance.

First, determine total gross premiums, deposit premiums or assessments, less returns thereon, on all policies, annuity contracts, certificates, renewals, policies subsequently cancelled, and insurance and reinsurance executed, issued or delivered on property or risks, including premiums for reinsurance assumed. Include **only** those special risk premiums written, procured or received in New York on risks located or resident in New York.

From the total amount determined, deduct dividends on such premiums and premiums on reinsurance ceded. When computing the dividend deduction include unused or unabsorbed portions or premium deposits paid or credited to policyholders, but not deferred dividends paid in cash to policyholders on maturing policies nor cash surrender values.

Line 28 — Enter total wages, salaries, personal service compensation and commissions for the tax year of employees, agents and representatives regularly connected with or working out of an office or place of business maintained within New York. It does not matter where the services were performed.

Line 29 — Enter total wages, salaries, personal service compensation and commissions for the tax year of all employees, agents and representatives.

Attach a separate sheet indicating how the amounts shown on lines 28 and 29 were computed and where these amounts are shown on the federal return.

Schedules D and E — Computation and Allocation of Subsidiary Capital and Business and Investment Capital

Definition of Capital. Total capital is the average fair market value of all the corporation's assets less its average current liabilities. It does not include assets that are held to maintain reserves of an insurance corporation as required under sections 1303, 1304 and 1305 of the New York State Insurance Law.

Valuation of Capital. In computing business and investment capital under Schedule E, you are normally required to value assets at fair market value. But in valuing real and tangible personal property, you may elect to substitute book values for these assets, i.e., the value established and regularly kept on the books of the company. If you make this election you must so indicate on each return. Once you have made the election, it is binding for all subsequent tax years and cannot be changed without prior permission. Stocks, bonds and other securities must be valued at fair market value.

Business and investment capital is total capital less subsidiary capital.

Subsidiary Capital. A subsidiary is a corporation of which over 50% of the voting stock is owned by the taxpayer. The term "subsidiary capital" means all investments in the capital stock of subsidiary corporations plus all indebtedness from subsidiary corporations (other than accounts receivable acquired in the ordinary course of trade or business for services rendered or for sales of property held primarily for sale to customers). The indebtedness may or may not be evidenced by bonds or other written instruments, on which interest is not claimed and deducted by the subsidiary for the purposes of taxation under any article of the New York State Tax Law. Each item of subsidiary capital must be reduced by any liabilities of the taxpayer (parent) payable by their terms on demand or not more than one year from the date incurred. These liabilities do not include loans or advances outstanding for more than a year, as of any date during the year covered by the return, which are attributable to that item of subsidiary capital.

Average Fair Market Value. The fair market value of an asset is the price (without deduction of any encumbrance, whether or not the taxpayer is liable) at which a willing seller will sell and a willing buyer will buy. The fair market value, on any date, of stocks, bonds, and other securities regularly traded on an exchange or in the over-the-counter market is the mean between the highest and lowest selling prices on that date. Average value is generally computed quarterly if your usual accounting practice permits it. However, you may use a more frequent basis such as monthly, weekly or daily. If your usual accounting practice does not permit a quarterly or more frequent computation of the average value of assets, you may use a semiannual or annual computation if no distortion of average fair market value results.

Current Liabilities. Include only liabilities maturing in one year or less from date originally incurred. Do not include loans or advances outstanding for more than a year as of any date during the year covered by this return, notes payable that are renewed from year to year, or the current portion of a long-term liability. Do not include reserves required under New York State Insurance Law sections 1303, 1304 and 1305. Use the same method of averaging used to determine average fair market value of assets.

Line 37 - Attach copies of your Analysis of Assets Schedule reflecting admitted and non-admitted assets for both the previous tax year and the current tax year.

Issuer's Allocation %. Enter the percentage of the entire capital or the issued capital stock or the gross direct premiums or net income of each issuing corporation allocable to New York State as determined on the corporation's New York tax return for the preceding tax year. This percentage may be obtained from tax services publications or by applying, with duplicate lists, to the address shown on page 4. If the issuing corporation did not do business in New York State during the preceding year and therefore did not file a New York tax return, the percentage is zero.

Schedule F — Computation of Adjustment for Gains or Losses on Disposition of Property Acquired Before January 1, 1974

Section 1503(b)(5) of the NYS Tax Law details the adjustments required to be made when reporting the gain or loss from sale or exchange of property acquired before January 1, 1974.

Columns B, D and F — Enter the amounts used in computing federal taxable income.

Column C — The fair market price or value is the price at which a willing seller will sell and a willing buyer will buy.

Column E —

- If the amount entered in Column B or C is more than the amount entered in Column D, no New York gain is realized. Enter zero in Column E.
- If the amount entered in Column B or C is less than the amount

entered in Column D, no New York loss is sustained. Enter zero in Column E.

- If both the amounts entered in Columns B and C are less than the amount entered in Column D, a New York gain is realized. Enter in Column E the difference between Column D and the higher of Column B or C.
- If both the amounts entered in Columns B and C are more than the amount entered in Column D, a New York loss is sustained. Enter in Column E (in parenthesis) the difference between Column D and the lower of Column B or C.

Schedule G — Computation and Allocation of Entire Net Income

Line 48 — Enter federal taxable income as reported to the United States Treasury Department for the tax year which includes, in the case of a stock life insurance company, the amount of direct and indirect distributions to shareholders from an existing policyholder's surplus account. Corporations exempt from the federal income tax but subject to tax under Article 33 should enter the taxable income which would have been required to be reported to the United States Treasury Department.

Line 50 — Enter all interest and dividend income, received or accrued, which was exempt from federal income tax and not included in line 48, less interest expense, bond premium amortization and other ordinary and necessary expenses, paid or incurred, attributable to this income.

Line 51 — Enter interest paid or accrued on indebtedness directly or indirectly owed to any stockholder (including subsidiaries of a corporate stockholder) or members of his or her immediate family which own more than 5% of the issued capital stock of the taxpayer. "Immediate family" includes brothers and sisters of whole or half blood, spouse, ancestors and descendants. If no such interest was paid or accrued, enter "0."

Line 52 — Enter any net operating loss or operations loss deducted in computing federal taxable income.

Line 54 — Enter all capital losses from sales and exchanges of subsidiary capital, all other losses and bad debts, interest expense (direct or indirect), foreign taxes and any carrying charge attributable to subsidiary capital deducted in computing federal taxable income.

Line 55 — Enter the amount deducted on your federal return for New York State franchise taxes imposed by Article 33 and Article 13-A. Be sure to include franchise tax based on premiums (section 1510 or section 1505).

Line 56a — Enter any amount claimed as a deduction in computing federal taxable income solely as a result of an election made under the provision of IRC, section 168(f)(8) (safe harbor lease, as it was in effect for agreements entered into before 1-1-84).

Line 56b — Enter any amount you would have been required to include in the computation of federal taxable income had you not made the election permitted by the provisions of IRC, section 168(f)(8) (safe harbor lease, as it was in effect for agreements entered into before 1-1-84).

Line 57 — For tax years beginning after December 31, 1981, you must add back federal accelerated cost recovery system deductions to federal taxable income (Article 33, section 1503(b)(2)(M)). However, no addback is required for property placed in service in New York State in tax years beginning after December 31, 1984 and subject to section 168 of the IRC, or for property acquired after June 18, 1984 and depreciated under IRC section 280-F (such as luxury cars). For additional information see the instructions for Form CT-399.

Line 58(a) — Enter the amount of unearned premiums on outstanding business at the end of the preceding tax year excluded from premiums earned as a result of IRC, sections 832(b)(4)(B), 832(b)(7)(B)(i), and 832(b)(8)(A)(i).

Line 58(b) — Enter the difference between the amount of discounted unpaid losses at the end of the preceding tax year used in the computation of losses incurred as a result of IRC, section 832(b)(5)(A) and the amount of unpaid losses at the end of the preceding tax year that would have been used in such computation if such losses were not discounted for federal income tax purposes. Provide a copy of Loss Reserves Discount Summary Schedule used to compute Discounted Unpaid Losses - 1120L, Schedule F, line 4(b).

Line 59 — Other additions:

- The portion of a federal taxable loss that is attributable to operations on the New York Insurance Exchange.
- Allocated income distribution from operations on the New York Insurance Exchange unless the seat on the exchange is a subsidiary of the taxpayer. Attach a copy of Form CT-33-X.

- c. The portion of the special additional mortgage recording tax claimed as a credit which was claimed as a deduction in arriving at federal taxable income. The gain or loss on the sale of real property on which the special additional mortgage recording tax credit was claimed must be increased in the case of a gain or decreased in the case of a loss when any portion of the credit was also used in the basis for computing the federal gain.

Line 61 — Enter interest and dividend income from subsidiary capital and capital gains from sales and exchanges of subsidiary capital. This deduction **cannot** exceed the amount used to compute federal taxable income.

Line 62 — Enter 50% of dividend income from corporations that are not subsidiaries. A life insurance company may enter only 50% of the company's share (IRC section 812(a)(1)) of such dividend income.

Line 63 — Enter any income or gain from installment sales of real or personal property made before January 1, 1974, that was used to compute federal taxable income.

Line 64 — Enter New York State net operating losses or operations losses carried forward from prior years. Attach a separate sheet providing details of both Federal and New York State losses claimed. This amount does not include any loss incurred in a tax year in which the taxpayer was not subject to section 1501 of the Tax Law.

Line 65a — Enter any amount included in federal income solely as a result of an election made under the provisions of IRC section 168(f)(8) (safe harbor lease, as it was in effect for agreements entered into before 1-1-84).

Line 65b — Enter any amount that you could have excluded from federal taxable income had you not made an election under IRC, section 168(f)(8) (safe harbor lease, as it was in effect for agreements entered into before 1-1-84). For additional information on safe harbor leases, see TSB-M-82(15)C Memorandum.

Line 66 — For tax years beginning after December 31, 1981, in place of the deduction disallowed on property on line 57, a depreciation deduction based on IRC section 167 (as it was in effect on December 31, 1980) will be allowed (Article 33, section 1503(b)(10)). For additional information see the instructions for Form CT-399.

Line 67(a) — Enter the amount of unearned premiums on outstanding business at the end of the tax year included in premiums earned as a result of IRC, sections 832(b)(4)(B); 832(b)(7)(B)(i) and 832(b)(8)(A)(i).

Line 67(b) — Enter the amount of unearned premiums on outstanding business included in premiums earned as a result of IRC, sections 832(b)(4)(C) and 832(b)(7)(B)(ii).

Line 67(c) — Enter the difference between the amount of discounted unpaid losses at the end of the tax year used in the computation of losses incurred as a result of IRC, section 832(b)(5)(A) and the amount of unpaid losses at the end of the tax year that would have been used in such computation if such losses were not discounted for federal income tax purposes. Provide a copy of Loss Reserves Discount Summary Schedule used to compute Discounted Unpaid Losses - 1120L, Schedule F, line 2(b).

Line 67(d) — Enter the amount by which losses incurred were reduced as a result of IRC, section 832(b)(5)(B).

Line 68 — Other subtractions:

- The amount of wages that were disallowed in computing your federal taxable income for the targeted jobs tax credit (IRC sec. 280C). Attach a copy of federal Form 5884.
- The portion of federal taxable income that applies to operations on the New York Insurance Exchange.
- Interest deductions under section 1503(b)(3) to the extent not deducted on line 50.

Schedule I — Computation of Taxable Premiums and Premiums Used to Compute the Limitation on Tax

Any corporation required to file Form CT-33 is subject to the additional tax under section 1510 of the Tax Law.

Premiums are to be reported on a written or paid-for basis, consistent with the basis required by the annual statement filed with the Superintendent of Insurance.

Taxable Premiums include gross direct premiums less return premiums, reinsurance premiums and dividends paid or credited.

- Gross Direct Premiums.** Include total gross premiums, deposit premiums or assessments, less returns thereon, on all policies, certificates, renewal policies subsequently cancelled, insurance and reinsurance executed, issued or delivered on property or risks located or resident in this state and premiums written, procured or received in this state on business that cannot be specifically allocated or apportioned and reported as taxable premiums or which have not been used as a measure of a tax on business of any other state or states. Also include "special risk" premiums written, procured or received in New York on risks located or resident in New York State.

When computing taxable premiums in **Column A** do not include premiums on annuity contracts, ocean marine insurance and policies issued pursuant to section 4236 of the Insurance Law. Also exempt from the tax on premiums are premiums on risks located outside the United States which were written, procured or received in New York, **except** for insurance written by foreign and alien title insurance corporations and accident and health insurance.

Insurance corporations receiving more than 95% of their gross direct premiums from annuity contracts, ocean marine insurance and policies issued under section 4236 of the Insurance Law **must** include these premiums in the tax limitation computation. See **Column B**.

- Reinsurance Premiums.** Deduction from gross direct premiums is limited to premiums, less return premiums thereon, that have been received by way of reinsurance from corporations or other insurers authorized to transact business in this state.
- Dividends Paid or Credited.** Deduct from gross direct premiums, dividends on the direct premiums and unused or unabsorbed portions of premium deposits paid or credited to policyholders, but not deferred dividends paid in cash to policyholders on maturing policies or cash surrender values.

Schedule J — Computation of Retaliatory Tax Credit

Do not claim the MTB surcharge retaliatory tax credit on this return.

Insurance corporations organized or domiciled in this state should complete Schedule J to claim credit for 90% of retaliatory taxes paid to other states for the privilege of doing business in those states.

- Credit may be claimed only for retaliatory taxes paid on business after December 31, 1973.
- Credit may not exceed the tax payable under Article 33 for the tax year for which the retaliatory taxes were imposed or assessed.
- Credit should be claimed on the return for the tax year during which the retaliatory taxes were paid. If the credit exceeds the tax payable on the return on which the credit is claimed, you may elect to have the excess credited to the next tax period or refunded without interest (lines 92 and 93).

Any reduction in the amount of retaliatory taxes paid to another state on which a credit for such taxes was allowed by New York State must be reported to this Department within 90 days of final determination.

Line 83 — Enter tax less credits except the retaliatory tax credit.

Schedule K — Computation of Issuer's Allocation Percentage

Complete this schedule by entering New York business on line 94 and total business on line 95 reported in the annual statement filed with the Superintendent of Insurance for the tax year.

Failure to supply the information required will result in the imposition of a \$500 penalty under section 1085(o).

Reinsurance allocation percentages will be supplied upon written request (in duplicate) to:

New York State Tax Department
Taxpayer Assistance Bureau
W. A. Harriman Campus
Albany, NY 12227

Telephone (518) 457-7034