New York State Department of Taxation and Finance

1993

Instructions for Form CT-33

Insurance Corporation Franchise Tax Return

CT-33-I
(4/94)

1993 and 1994 Law Change

Sections 65 and 68 of Chapter 57 of the Laws of 1993 require a new addition and subtraction in the computation of entire net income. The addition required is the amount deducted on the federal return pursuant to section 847(1) of the Internal Revenue Code (IRC). The deduction required is the amount included in federal taxable income as a result of sections 847(5) and 847(6) of the IRC. Section 69 of the Laws of 1993 provides that if the taxpayer claimed the deduction allowed by section 847(1) of the IRC in any tax year beginning after 12/31/87 and ending before 1/1/93, an additional amount is required to be included in entire net income. This amount is equal to the difference between the sum of the amounts deducted pursuant to section 847(1) of the IRC and the sum of the amounts included in federal gross income pursuant to sections 847(5) and 847(6) of the IRC for these tax years. One-third of this amount is required to be included in entire net income in each of the taxpayer's first three tax years beginning on or after 1/1/93.

Section 27 of Chapter 56 extends the MTA surcharge an additional two years (periods ending before 12/31/95). The Laws of 1994 revised the state tax surcharge. For periods ending on or before June 30, 1994, the state tax surcharge is 15%. For periods ending after June 30, 1994, but before July 1, 1995, the state tax surcharge is 12½%.

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;
- Any life insurance company 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;
- Savings banks authorized to transact insurance business by Article 6-a of the New York State Banking Law;
- Insurance corporations exempt from federal income tax but which conduct business in New York State; and
- The State Insurance Fund.

  Exception: Corporations that do business only on the New York Insurance Exchange and insurance corporations specifically exempt by Section 1512 of the Tax Law 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.

When and Where to File

The due date for filing is 2½ months after the end of the reporting period. If you are reporting for the 1993 calendar year, file your return on or before March 15, 1994.

Mail returns to: NYS Corporation Tax, Processing Unit, P O Box 1909, Albany NY 12201-1909

If you cannot meet this filing deadline, you may ask for a six-month extension of time by filing Form CT-5, *Application for Six-Month Extension of Time to File a Franchise or Business Tax Return*.

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

Change of Business Information — If there have been any changes in your business name, identification number, mailing address, business address, telephone number or owner/officer information, complete the enclosed Form DTF-95, *Change of Business Information*. To request additional forms, call toll free 1 800 462-8100 (from New York State only). From areas outside New York State, call (518) 438-1073. If your address has changed, check the box next to the name and address on the form.

Metropolitan Transportation Business Tax (MTA Surcharge) Section 1505-a

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 (MCTD) must file Form CT-33-M and pay the MTA 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* on page 1 of Form CT-33 and are not required to file Form CT-33-M.

State Tax Surcharge - Section 1520

See instructions for line 14.

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% or more of the total combined voting power of all classes of stock or 50% 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:

- location of real property;
- name, address and identification number of the new controlling stockholder (use social security number for individuals and federal employer identification number for corporations); and
- date transfer was made.

Whole Dollar Amounts

Amounts may be shown in whole dollars rather than dollars and cents. Round to the nearest dollar. If you round to the nearest dollar, round for all amounts.

Computerized Returns

Computer-produced corporation tax returns will be accepted if you have received prior permission to file them. To obtain permission to file computer produced returns, the forms must 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.

Privacy Notification

Our authority to require and maintain personal information, including identifying numbers (social security numbers, etc.), is found in subdivisions First and Fourteenth of section 171 and sections 1096, 1515, and 1518 of the Tax Law.

We will use this information to administer the franchise taxes on insurance corporations under Article 33 of the Tax Law and for any other purpose authorized by law.

Failure to provide the required information may result in civil or criminal penalties, or both, under Articles 27, 33 and 37 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. For information, call the Business Tax Information Center toll free (from the continental U.S. only) 1 800 972-1233. You can also call toll free (from New York State only) 1 800 CALL TAX (1 800 225-5829) or, from areas outside New York State, (518) 438-8581.

Computation of Tax

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

a. Add the entire net income after adjustment from line 91 and the total salaries and compensation paid to the officers and stockholders from line 93. If line 91 is a loss, subtract it from line 93.
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 47.
e. Enter the result of *d* on line 3, and multiply the result by 9% to compute the tax.

Line 10 - 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%. The State Insurance Fund must compute the franchise tax using this method.

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)).

Line 12 — 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 11 less the credits mentioned above, if applicable. The credit cannot be carried over to any other year (section 1511(a)). Attach Report of Premiums to Form CT-33 when claiming this credit. Report of Premiums should include Supplementary Schedules I and II.

e. Retaliatory tax credit — See instruction for Schedule I. Do **not** claim the MTA surcharge retaliatory tax credit on this return.

f. Special additional mortgage recording tax credit — attach Form CT-43.

If the lowest tax on line 11 was computed pursuant to the Limitation on Tax on line 10, the EDZ tax credits computed on Forms DTF-601 and DTF-602 may not be deducted on this line, but may be carried forward to the following year.

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

Line 14 — Enter the appropriate surcharge rate in the box on this line.

If you are filing a 1993 calendar year return or a 1993-1994 fiscal year return for a period ending on or before June 30, 1994, multiply the tax due on line 13 of the return by 15% (.15) and enter the amount on this line.

If you are filing a 1993-1994 fiscal year return for a period ending after June 30, 1994, multiply the tax due on line 13 by 12½% (.125) and enter the amount on this line.

If you are filing a fiscal year return for a short period that ends on or before June 30, 1994, you may be subject to the 15% state tax surcharge for all or part of the tax period. The state tax surcharge will be required to be paid at the 15% rate for no more than 48 months. If your short period ends on or before June 30, 1994, use the following worksheet to determine the 15% surcharge:

A. Maximum number of months for which you may be liable for the 15% surcharge — 48

B. Number of months for which you have paid the 15% surcharge (all periods ending on or after 7/1/90) — _____

C. Number of months still subject to the 15% surcharge (subtract line B from line A) — _____

D. Number of months covered by the current return — _____

If line D is less than or the same as line C, stop here and multiply the tax on line 13 of the return by 15% (.15) and enter this amount on line 14. If line D is more than line C, complete this worksheet.

E. Proration percentage (divide line C by line D) — _____

F. Franchise Tax from line 13 of the return — _____

G. Franchise tax subject to the state tax surcharge (multiply line F by line E) — _____

H. State tax surcharge after proration (multiply line G by 15% (.15). Enter this amount on line 14 of the return) — _____

Line 16b — If the tax and state tax surcharge on this return, when combined, are more than $1,000, and Form CT-5, 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 15.

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

Line 18 — 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, if this form was filed.

Line 20 — If you do not pay the tax and tax surcharge due on or before the due date (without regard to any extension of time) you must pay interest on the amount of underpayment from the due date to the date paid (line 15 minus line 18). Exclude from the interest computation any amount shown on line 16a or 16b, first installment of estimated tax for next period. You may call the Taxpayer Assistance Bureau for the current rate or have the interest computed for you. Call the Business Tax Information Center toll free at 1 800 972-1233. You can also call toll free (from New York State only) 1 800 CALL TAX (1 800 225-5829). From areas outside New York State, call (518) 438-8581.

Line 21 — Additional charges for late filing and late payments are computed on the amount of tax and tax surcharge less any payment made on or before the due date (line 15 minus line 18). Exclude from the penalty computation any amount shown on line 16a or 16b, first installment of estimated tax for next period.

a. 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)).

b. 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)).

c. 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)).

d. 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 22 — If you underpaid your estimated tax, check the box and use Form CT-222, *Underpayment of Estimated Tax by a Corporation*, to compute the penalty. Enter "0" if no penalty is due.

Schedule A — 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 B — 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 entire net income plus compensation.

The income allocation percentage is computed by adding the percentages of the taxpayer's premiums allocated to New York State (multiplied by nine) and payroll and dividing the total by ten. For both the numerator and denominator of the premium allocation percentage, the term *premium* shall include all amounts received as consideration for insurance, reinsurance and annuity contracts including premium deposits, assessments, policy fees, membership fees and all other compensation for such contract.

If the premiums factor is missing from line 41, the income allocation percentage is the payroll factor percentage on line 45. If the payroll factor is missing from line 45, the income allocation percentage is the premiums factor percentage on line 41. A factor is missing if both its numerator and denominator are zero. If the numerator is zero and the denominator has a positive figure, the factor has an allocation value of 0% and is included in the computation of the allocation percentage.

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 33 — Enter the total New York taxable premiums received from life insurance and nonlife insurance from Schedule H, Column A, lines 97, 98 and 99, 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 97, 98 or 99 (attach schedules for such additional premiums). See section 1504(b)(2)(A) of the Tax Law.

Line 34 — 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 35 — 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 36 — 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 A, line 32) and premiums from risks located in New York State.

Line 38 — Enter the total amount of New York premiums included on line 37 that were ceded to other insurance companies.

Attach a separate schedule showing the computation of New York premiums included in lines 33 through 38.

Line 40 — 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 and assessments, less returns thereon, on **all** policies, annuity contracts, certificates, renewals, policies subsequently canceled, 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 total 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 or cash surrender values.

Line 43 — 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 44 — Enter total wages, salaries, personal service compensation and commissions for the tax year of all employees, agents and representatives.

Attach a separate schedule indicating how the amounts shown on lines 43 and 44 were computed and where these amounts are shown on the federal return.

Schedules C and D — Computation and Allocation of Subsidiary Capital and Business and Investment 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, as long as 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.

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. Business and investment capital is total capital less subsidiary capital. In computing business and investment capital under Schedule D, 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.

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 52 — 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 %. For Schedule C, Column F, 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 E — 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 —

a. 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.

b. 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.

c. 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.

d. 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 F — Computation and Allocation of Entire Net Income

Line 63 — Enter the amount of life insurance company taxable income (LICTI) or taxable income as reported to the U.S. Treasury Department for the tax year which includes, in the case of a stock life insurance company, distributions to shareholders from an existing policyholder's surplus account. Taxpayer's who file federal form 1120L must enter on this line the total of LICTI per Schedule A plus the Operations Loss deduction included in LICTI. Taxpayers filing federal Form 1120PC must enter the total of taxable income per Schedule A plus any net operating loss included in taxable income. Corporations exempt from 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 U.S. Treasury Department.

Line 65 — Enter all interest and dividend income, received or accrued, which was exempt from federal income tax and not included in line 63, less interest expense, bond premium amortization and other ordinary and necessary expenses, paid or incurred, attributable to this income.

Line 66 — 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 68 — 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 69 — Enter the amount deducted on your federal return for New York State franchise taxes imposed by Article 33. Be sure to include franchise tax based on premiums (section 1510 or section 1505).

Line 70a — 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 70b — 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 71 — Enter federal ACRS (accelerated cost recovery system) deductions or MACRS deductions used in computing federal taxable income. 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 72 — See 1993 Law changes on page 1.

Line 73 — 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 74 — 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 the loss reserves discount summary schedule used to compute discounted unpaid losses from federal Form 1120PC.

Line 75 — Other additions:

a. The portion of a federal taxable loss that is attributable to operations on the New York Insurance Exchange.
b. 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 77 — 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 78 — 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 79 — 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 80 — Enter New York State net operating losses or operations losses carried forward from prior years. Attach a separate schedule providing details of both federal and New York State losses claimed. This should not include any loss incurred in a tax year in which the taxpayer was not subject to section 1501 of the Tax Law.

Line 81a — 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 81b — Enter any amount that you could have deducted 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 82 — In place of the deduction disallowed on property on line 71, 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 83 — See 1993 Law changes on page 1.

Line 84 — 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 85 — 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 the loss reserves discount summary schedule used to compute discounted unpaid losses from federal Form 1120PC.

Line 86 — Enter the amount by which losses incurred were reduced as a result of IRC, section 832(b)(5)(B).

Line 87 — Other subtractions:

a. The amount of wages that were disallowed in computing your federal taxable income for the targeted jobs tax credit (IRC section 280C). Attach a copy of federal Form 5884.
b. The portion of federal taxable income that applies to operations on the New York Insurance Exchange.
c. Interest deductions under section 1503(b)(3) to the extent not deducted on line 65.

Schedule H — 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. For purposes of computing Schedule H, the term premium includes all amounts received as consideration for insurance or reinsurance contracts, other than annuity contracts, including premium deposits, assessments, policy fees, membership fees and all other consideration for such contract.

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

a. **Gross Direct Premiums.** Include total gross premiums, deposit premiums and assessments, less returns thereon, on all policies, certificates, renewals subsequently canceled, 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.

b. **Deductions from Gross Direct Premiums**
   1. **Reinsurance Premiums** — When computing gross direct premiums, you may deduct reinsurance premiums, less return premiums, that have been received by way of reinsurance from corporations or other insurers authorized to transact business in this state.
   2. **Dividends Paid or Credited** — You may deduct dividends on direct premiums and unused or unabsorbed portions of premium deposits paid or credited to policyholders. This deduction does not include deferred dividends paid in cash to policyholders on maturing policies or cash surrender values.

Schedule I — Computation of Retaliatory Tax Credit

Do **not** claim the MTA surcharge retaliatory tax credit on this return. Use Form CT-33-M to claim the MTA surcharge retaliatory tax credit.

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

a. Credit may be claimed only for retaliatory taxes paid on business after December 31, 1973.
b. Credit may not exceed the tax payable under Article 33 (before adding the tax surcharge) for the tax year for which the retaliatory taxes were imposed or assessed.
c. 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 113 and 114).

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 the Tax Department within 90 days of final determination.

Schedule J — Computation of Issuer's Allocation Percentage

Complete this schedule by entering New York business on line 115 and total business on line 116 reported in the annual statement filed with the Superintendent of Insurance for the tax year.

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

Reinsurance allocation percentages will be supplied upon written request (in duplicate) to: NYS Tax Department, Taxpayer Assistance Bureau, W A Harriman Campus, Albany NY 12227, or call the Business Tax Information Center toll free at 1 800 972-1233. You can also call toll free (from New York State only) 1 800 CALL TAX (1 800 225-5829). From areas outside New York State, call (518) 438-8581.