General information

Insurance Law, Article 77, section 7712 provides for a credit, in certain instances, for a portion of the net assessments paid by insurance companies pursuant to Insurance Law Articles 75 and 77. The credit is only authorized for a calendar year when the total net assessments for all insurance companies exceed $100 million in the preceding 15 calendar year period that includes such calendar year.

When a life insurance company guaranty corporation (LICGC) credit has been authorized for a particular calendar year, the credit cannot be taken until the first tax year after the next calendar year following the authorized calendar year (section 1511(f)). The LICGC credit available to be taken for tax year 2016 is based on the maximum authorized credit for the 2014 calendar year.

Since the total net assessments paid by all Article 33 taxpayers during the 15 calendar year period from 2000 through 2014 exceeded the $100 million threshold, an LICGC credit is authorized for calendar year 2014. Your maximum authorized credit for calendar year 2014 is 80% of the net assessments paid by you during calendar year 2014 pursuant to Articles 75 and 77 (section 7712).

The maximum credit authorized for a calendar year is taken in three equal installments over three consecutive tax years, beginning with the first tax year after the next calendar year following the authorized calendar year (section 1511(f)).

Each LICGC credit installment is subject to the limitation under section 1511(f)(3)(B). The available credit, after the application of such limitation, is then applied against the franchise tax imposed by Article 33, after the application of all other credits.

The credit cannot reduce the tax below the minimum tax (credit utilization limit).

Any allowable credit not used in the current tax year due to either the section 1511(f)(3)(B) limitation or the credit utilization limitation is carried forward to the subsequent tax year.

The LICGC credit is not allowed against the metropolitan transportation business tax (MTA surcharge) under Article 33.

Cross-over year credit

Special rules apply when calculating the cross-over year credit allowed for a tax year following the second calendar year in which the $100 million threshold is first exceeded, which occurred in calendar year 2013. These rules (see Insurance Law section 7712(b)(2)(B) and TSB-M-85(6)C, Chapters 802 and 803 - Life Insurance Company Guaranty Corporation Credit) were used to compute your LICGC cross-over year credit available to be taken on your tax year 2015 return.

You computed your LICGC tentative cross-over year credit, authorized for calendar year 2013 and first available to be taken on your tax year 2015 return, on the LICGC Credit worksheet for 2015 tax year. You completed such worksheet using the Life insurance company guaranty corporation credit online calculator (at www.tax.ny.gov/bus/ct/licgc_credit.xls) on our website.

You will need a copy of your previously completed LICGC Credit worksheet for 2015 tax year to complete certain lines on your 2016 Form CT-33.2 and Unused credit carryforward from tax year 2015 worksheet, in these instructions.

Your LICGC credit available to be taken on your tax year 2016 return should not be computed using the online calculator; use Form CT-33.2 instead, following these instructions.

Combined filers

A taxpayer filing on a combined return as a member of a combined group is allowed to claim the LICGC credit. The LICGC credit form must be completed for each such member claiming the credit. The LICGC credit is computed on a separate basis, but is then applied against the combined tax.

Net assessments pursuant to Insurance Law Articles 75 and 77

The Superintendent of Financial Services of New York State annually furnishes to the Commissioner of Taxation and Finance, and to each life insurance company, a statement of operations. The statement of operations shows the assessments, less any refunds or reimbursements, paid by each life insurance company pursuant to Articles 75 and 77, during the preceding 15 calendar years.

Credit amount

The maximum authorized credit for 2014, available to be taken in three equal installments in three consecutive tax years beginning with your first tax return for 2016, subject to limitations, is 80% of the net assessments paid by you, pursuant to Articles 75 and 77, during calendar year 2014.

The amount of the maximum authorized credit (including any installments and any unused LICGC credit carried forward) that can be used by all life insurance companies for a particular tax year is limited to the greater of $40 million or 40% of the total tax liability under Article 33 of all such companies, before credits and not including the MTA surcharge, for tax years beginning in the second preceding calendar year (section 1511(f)(3)(B)).

For each calendar year for which the credit has been authorized, the Commissioner of Taxation and Finance determines such total tax liability.

The LICGC credit authorized for 2014, as limited, is allocated among the life insurance companies in proportion to the net assessments paid by each company in calendar year 2014.

Line instructions

Part 1 – Computation of life insurance company guaranty corporation (LICGC) credit

Line 4, column A - If you are filing for a 2016 tax period that is not your first 2016 tax period, enter 0; otherwise, enter your net assessments paid pursuant to Insurance Law Articles 75 and 77 for calendar year 2014. However, if such net assessments are less than zero, enter 0.

To determine your net assessments paid for calendar year 2014, go to our Life Insurance Company Guaranty Corporation credit webpage (at www.tax.ny.gov/bus/ct/life_ins_credit.htm) and access the 2014 Statement of Operations from the NYS Department of Financial Services, Exhibit B by clicking on the link under How much is the credit? Find your company name and NAIC #, and determine the amount in your row in the Article 77 Assessments Total 2014 column.
Note: there were no net assessments paid under Article 75 for calendar year 2014.

Line 6 – The total tax liability of all Article 33 life insurance taxpayers for tax years beginning in 2014 is on our Life Insurance Company Guaranty Corporation credit webpage (at www.tax.ny.gov/bus/ct/life_ins_credit.htm).

Line 12 – The unused LICGC credit from the preceding tax year may be carried forward to the current tax year. To determine your unused credit carryforward from tax year 2015, complete Unused credit carryforward from tax year 2015 worksheet, in these instructions.

Line 13 – Enter the amount from line 12 of your previously completed LICGC Credit worksheet for 2015 tax year (see Cross-over year credit). This is your second one third (⅓) installment of credit authorized for calendar year 2013, and available to be taken on your tax year 2016 return.

Note: If you are filing for a 2016 tax period that is not your first or second 2016 tax period, enter 0.

Line 14 – There was no LICGC credit authorized for calendar year 2012.

Part 2 – Computation of credit used and carried forward

Line 17 – Enter the amount from Form CT-33, Life Insurance Corporation Franchise Tax Return, line 11, or CT-33-A, Life Insurance Corporation Combined Franchise Tax Return, line 15, plus any net recapture of other tax credits.

Line 18 – If you are claiming more than one tax credit for this tax year, enter the total amount of credits claimed that were applied against the current year’s franchise tax before your LICGC credit; otherwise, enter 0. If you are filing a member of a combined group on Form CT-33-A, include any amount of tax credit(s), including the LICGC tax credit, claimed by other members of the combined group, that you want to apply against the current year’s combined franchise tax before your LICGC credit.

Note: Do not enter on line 18 any amount of empire zone (EZ) wage tax credit, zone equivalent area (ZEA) wage tax credit, or EZ capital tax credit you may be claiming. If you are included in a combined return, do not include any amount of these credits being claimed by other members of the combined group.

Line 20 – If you are filing Form CT-33, enter 250.

If you are filing as a member of a combined group on Form CT-33-A, enter the sum of the amounts on Form CT-33-A, line 4 and line 12.

Unused credit carryforward from tax year 2015 worksheet

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2015 LICGC credit from line 13 of your LICGC Credit worksheet for 2015 tax year (see instructions)</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>2015 tax due before credits (see instructions)</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>2015 tax credits claimed before this credit (see instructions)</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>2015 tax after application of all other credits (subtract line 3 from line 2)</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>2015 minimum tax (see instructions)</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>2015 credit utilization limit (subtract line 5 from line 4; if zero or less, enter 0)</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>LICGC credit used in 2015 (enter the lesser of line 1 or line 6)</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>Unused credit carried forward due to utilization limitation (subtract line 7 from line 1)</td>
<td>8</td>
</tr>
</tbody>
</table>

If you filed as a member of a combined group on Form CT-33-A for tax year 2015, enter the sum of the amounts on 2015 Form CT-33-A, line 4 and line 12.

Line 8 – Enter this amount on your 2016 Form CT-33.2, line 12.

Note: There is no unused credit to be carried forward from 2015 due to the section 1511(f)(3)(B) limitation.

Need help? and Privacy notification

See Form CT-1, Supplement to Corporation Tax Instructions.