

An Overview of Florida's Insurance Premium Tax

Report Number 2007-122

October 2006

Prepared for
The Florida Senate

Prepared by
Committee on Finance and Tax

Table of Contents

Summary.....	separate document
Background.....	1
Legislative History of Florida’s Insurance Premium Tax.....	1
Methodology.....	4
Findings.....	5
Insurance Premium Tax Rates and Distributions	5
Insurance Premium Tax Revenue History.....	5
Significant Features of the Insurance Premium Tax.....	7
Installment Payment (s. 624.5092, F.S.)	7
Retaliatory Tax (s. 624.5091, F.S.)	7
Insurance Premium Tax Credits and Exemptions	8
Florida Employees’ Salaries Credit (s. 624.509(5), F.S.)	9
Corporate Income Tax Credit (s. 624.509(4) and (6)), F.S.).....	10
Police and Firefighters’ Pension Credits (ss. 175.141 and 185.12, F.S.).....	10
Certified Capital Company Act (s. 288.99, F.S.).....	10
Florida Life and Health Insurance Guaranty Association (Section 631.72, F.S.)	11
Workers’ Compensation Administrative Assessment Credit (s. 440.51, F.S.).....	12
Community Contribution Tax Credit (s. 624.5015, F.S.)	12
Child Care Credit (s. 624.5107, F.S.)	13
Capital Investment Tax Credit (s. 220.191(2),F.S.).....	13
Exemption for Annuities (s. 624.509(8), F.S.).....	14
Recent Legislative Proposals	15
Title Insurance.....	15
Salary Credits Issues	15
Insurance Premium Taxes in Other States.....	16
Conclusions and Recommendations	17
Appendixes	18
Appendix A – DOR 907 Insurance Premium Installment Payment and Instructions.....	19
Appendix B – DR 908 Insurance Premium Taxes Fees Return.....	23
Appendix C – DR 908N Instructions for completing Form DR-908.....	35

Background

Legislative History of Florida's Insurance Premium Tax

The insurance premium tax was established in 1895¹ as an annual tax of 1 percent of gross receipts of insurance premiums (except for life insurance) from policy holders in Florida upon each insurance company doing business in the state. Life insurance premiums were taxed at 2 percent. In 1903 the tax rate for all types of insurance was increased to 2 percent. In 1913 the tax was moved to s. 205.43, F.S., in the newly-organized statutes.

In 1949, the Legislature provided an insurance premium tax exemption for insurers that maintained their home offices in Florida,² and in 1953 it reduced premium taxes of a foreign insurance company incorporated under the laws of another state or foreign country that owned and substantially occupied any building in the state as a regional home office.³ These foreign companies received a 50 percent reduction in the annual premium tax, plus an additional credit for ad valorem taxes paid during the year preceding the filing of the return, provided the credits and deductions did not reduce the tax payable to less than 20 percent of the tax before credits and deductions. In 1955 a retaliatory tax on non-domestic insurers doing business in Florida was created.⁴

By 1959, the year in which s. 205.43, F.S. was repealed and replaced by s. 624.509, F.S., as part of the Florida Insurance Code, a tax of .5 percent of premiums on annuity policies had been added to the 2 percent tax on insurance premiums. The Florida Insurance Code carried forward previous tax arrangements that totally exempted domestic companies and partially exempted foreign companies maintaining regional home offices in Florida. In 1971, the Legislature required that the insurance premium tax be paid in three estimated payments plus a final payment rather than annually⁵ and allowed the newly-created corporate income tax to be credited against the premium tax.⁶ This credit was extended to include the emergency excise tax in 1982.⁷

The Florida Insurance Guaranty Association was established in 1970⁸ to provide a mechanism for the payment of covered claims under certain property and casualty

¹ Ch. 4322, Laws of Florida, codified as Title VI, ch. 1, s. 464, F.S.

² Ch. 25344, Laws of Florida.

³ Ch. 27989, Laws of Florida.

⁴ Ch. 29680, Laws of Florida.

⁵ Ch. 71-9B, Laws of Florida.

⁶ Ch. 71-984, Laws of Florida.

⁷ Ch. 82-243, Laws of Florida.

⁸ Ch. 70-20, Laws of Florida.

insurance policies and to avoid financial loss to claimants or policyholders because of the insolvency of an insurer. It is funded by assessments that were creditable against the premium tax from 1987⁹ through 1995.¹⁰ The Florida Life and Health Insurance Guaranty Association was established in 1979 to protect insurance policy holders and providers of services against life and health insurance company failures.¹¹ It is funded by assessments imposed on Florida life and health insurers and annuity contract providers, and these assessments are creditable against the insurance premium tax. The rate at which the credit could be taken, originally 20 percent over five years, has been changed several times since the credit was created and since 1997 has been 5 percent over 20 years.¹²

Annuity premiums were exempted from insurance premium tax in 1980, if the resulting tax savings are passed on to the annuity holders,¹³ which include employers contributing to employees' pension, annuity, or profit-sharing plans.

Legislation enacted in 1987¹⁴ removed statutory distinctions between domestic, regional home office, and foreign insurance companies, subjecting all insurance companies to a 2.25 percent premium tax. This change was accompanied by the creation of a partial credit against the premium tax for salaries paid to Florida-based employees. In 1988¹⁵ the tax rate was decreased to 2 percent, a credit was provided against the intangibles tax, and the salary credit was increased. This legislation also provided a 1.6 percent tax rate for self-insurance and replaced the insurance premium tax on warranties with a sales tax. In 1989 the premium tax rate was reduced to 1.75 percent.¹⁶ In 1990, the tax on surplus lines and independently procured insurance was raised from 3 percent to 5 percent, and the authority for companies to file on a consolidated basis, which had been authorized in 1988, was repealed.¹⁷

In 1998, three additional credits against the insurance premium tax were created: the Child Care Credit, which provides tax credits for spending on insurers' employees' child care services or facilities;¹⁸ the Capital Investment Tax Credit, which provides credits for investments in approved projects;¹⁹ and \$15 million in credits per year investments in Certified Capital Companies (CAPCO'S).²⁰

⁹ Ch. 87-350, Laws of Florida.

¹⁰ Ch. 95-145, Laws of Florida.

¹¹ Ch. 79-189, Laws of Florida.

¹² Ch. 96-346, Laws of Florida.

¹³ Ch. 79-247, Laws of Florida.

¹⁴ Ch. 87-99, Laws of Florida.

¹⁵ Ch. 88-206, Laws of Florida.

¹⁶ Ch. 89-167, Laws of Florida.

¹⁷ Ch. 90-132, Laws of Florida.

¹⁸ Ch. 98-293, Laws of Florida.

¹⁹ Ch. 98-61, Laws of Florida.

²⁰ Ch. 98-257, Laws of Florida.

Insurance companies became exempt from the recurring intangibles tax in 1998, which meant the intangibles tax credit was no longer available²¹.

The 2005 Legislature passed enacted a law²² that allows foreign insurers to exclude 100 percent of the salary tax credit arising from employees located in an enterprise zone when calculating retaliatory tax. This law also allows for mutual insurance holding companies meeting certain criteria to allocate the salaries of employees of a service company subsidiary among the insurance companies within the group that the employee services. This law also provides that community contributions tax credits will not increase retaliatory tax owed by an insurer.

²¹ Ch. 98-132, Laws of Florida.

²² Ch. 2005-280, Laws of Florida.

Methodology

This project is based on a review of the statutory history of the insurance premium tax and information obtained from the Florida Department of Revenue about how the tax operates and how much revenue it has generated in recent years.

Information about the distribution of insurance premium tax revenue to General Revenue, trust funds, and local governments is taken from the Florida Revenue Estimating Conference's Revenue Analysis FY 1970-71 Through FY 2014-15, and the fiscal impacts of proposed and enacted changes in the tax comes from the Revenue Estimating Conference's Measures Affecting Revenue and Impact Conference results for the relevant years. Information on other states' insurance premium tax rates and credits came from the CCH State Tax Guide – All States Volume 3, with clarification from state tax administrators, when needed.

Findings

Insurance Premium Tax Rates and Distributions

Insurance premium taxes are imposed on insurance premiums and paid by insurance companies at the following rates: 1.75 percent on gross premiums minus reinsurance and return premiums; 1 percent on annuity premiums; 1.6 percent on self insurers; and 5 percent on surplus lines premiums and independently procured coverage. Exemptions are allowed on annuity premiums paid by annuity policy or contract holders in this state, if the savings are passed on to the consumer. Corporate income tax and the emergency excise tax paid to Florida are credited against premium tax liability. A credit is allowed against the premium tax equal to 15 percent of the amount paid by the insurer in salaries to employees located or based in Florida who are covered by unemployment compensation. This credit, in combination with the corporate income tax credit, may not exceed 65 percent of the tax due for the calendar year. Other credits are available for payments into the Municipal Firefighters' Pension Fund and the Municipal Police Officers' Retirement Fund, certain community contributions, investments in Certified Capital Companies, the capital costs of certain qualifying investments, certain costs associated with providing employee child care services or facilities, workers' compensation assessments and Florida Life and Health Insurance Guaranty Association assessments.

Insurance premium tax revenue is distributed to Municipal Firefighters' Pension Fund and the Municipal Police Officers' Retirement Fund, the Insurance Regulatory Trust Fund, and General Revenue.

Insurance Premium Tax Revenue History

Since FY1970-71, insurance premium tax revenue has accounted for between 1.45 percent and 2.89 percent of General Revenue. Total collections in 2004-05 were 17 times greater than in 1970-71, but the revenue growth has not been consistent. Total collections fell short of the previous year five times during the period.

Changes in the Florida tax base in recent years have increased the importance of the premium tax in General Revenue collections. Since 2000, both the estate tax and the annual intangibles tax have been eliminated. Each had contributed more to General Revenue than the insurance premium tax, which has risen from the eighth-most important General Revenue source to the sixth-ranked source, behind

sales tax, corporate income tax, documentary stamp tax, non-recurring intangibles tax, and beverage tax. In the three most recent fiscal years, insurance premium tax has accounted for more than 2 percent of General Revenue, and it is forecast to equal 2.4 percent of General Revenue in 2005-06.

Insurance Premium Tax (\$ millions)					
Fiscal Year	General Revenue	Trust	Local	Total	Percent of General Revenue
70-71	34.6	2.5	5.9	43.0	2.9%
71-72	31.2	1.7	7.0	39.9	2.1%
72-73	30.6	3.9	8.2	42.7	1.7%
73-74	31.5	6.2	8.1	45.8	1.5%
74-75	35.4	4.9	10.1	50.4	1.7%
75-76	41.2	7.7	10.3	59.2	1.9%
76-77	48.5	11.9	13.7	74.1	2.0%
77-78	61.6	6.3	12.2	80.1	2.2%
78-79	50.9	18.3	16.5	85.7	1.6%
79-80	60.0	14.7	17.6	92.3	1.6%
80-81	67.5	14.2	15.3	97.0	1.6%
81-82	71.9	13.0	19.2	104.1	1.6%
82-83	88.4	13.7	19.7	121.8	1.8%
83-84	99.0	14.9	22.2	136.1	1.7%
84-85	112.9	16.6	26.6	156.1	1.8%
85-86	134.0	24.7	28.2	186.9	1.9%
86-87	152.0	35.0	31.6	218.6	2.0%
87-88	215.9	34.5	45.3	295.7	2.5%
88-89	153.0	46.2	41.1	240.3	1.6%
89-90	198.0	47.6	48.2	293.8	2.0%
90-91	199.2	36.1	45.3	280.6	2.0%
91-92	213.1	20.6	45.7	279.4	2.0%
92-93	231.5	11.0	45.9	288.4	1.9%
93-94	250.6	17.2	51.0	318.8	2.0%
94-95	234.4	46.9	54.9	336.2	1.7%
95-96	269.5	45.6	63.8	378.9	1.9%
96-97	283.6	36.6	73.5	393.7	1.8%
97-98	295.5	40.8	67.9	404.2	1.8%
98-99	257.9	37.3	83.8	379.0	1.4%
99-00	285.2	22.0	85.7	392.9	1.5%
00-01	283.1	38.7	87.4	409.2	1.5%
2001-02	331.0	31.5	98.8	461.3	1.7%
2002-03	411.1	41.7	113.7	566.5	2.1%
2003-04	492.1	58.3	127.5	677.9	2.3%
2004-05	545.7	53.0	133.6	732.3	2.2%

Significant Features of the Insurance Premium Tax

Installment Payment (s. 624.5092, F.S.)

The insurance premium tax was paid annually from its inception until 1971, when legislation was enacted to require installment payments on an estimated basis.²³ Section 624.5092, F.S., requires that installment payments are due and payable on April 15, June 15, and October 15 in each year, based upon the estimated gross amount of receipts of insurance premiums or assessments received during the immediately preceding calendar quarter. A final payment and tax return are due on or before March 1, showing, by quarters, the gross amount of receipts taxable for the preceding year and the installment payments made during that year.

A 10 percent penalty is imposed on any taxpayer who fails to report and timely pay any installment of tax, who estimates any installment of tax to be less than 90 percent of the amount finally shown to be due in any quarter, or who fails to report and timely pay any tax due with the final return. This penalty can be avoided by paying, for each installment, 27 percent of the amount of the net tax due for the preceding year.

Retaliatory Tax (s. 624.5091, F.S.)

In 1955 the Florida legislature imposed a retaliatory tax on non-domestic insurance companies doing business in Florida.²⁴ This tax was included in the Florida Insurance Code adopted in 1959. Retaliatory taxes are determined and assessed on the basis of "what if" a Florida-domiciled insurer were licensed and doing business in the insurer's state of domicile and providing the same insurance products as the foreign insurer is writing in this state. Retaliatory taxes do not apply to surplus lines insurance. All states except Hawaii have retaliatory tax statutes.

The calculation of retaliatory tax begins with a non-Florida insurer calculating the net premium tax twice—first at Florida tax rates and then as if its Florida premiums were written in the state where it is domiciled and its Florida employees and property were located in that state. Both net premium tax calculations are then adjusted for various credits, other taxes, and fees. The retaliatory tax due, if any, is equal to the amount that taxes imposed by the state of domicile exceed those imposed under Florida law. For calendar year 2004, retaliatory tax revenue was \$41.6 million.

²³ Ch. 71-9B, Laws of Florida.

²⁴ Ch. 29680, Laws of Florida.

Insurance Premium Tax Credits and Exemptions

Tax credits reduce the state premium tax by more than 50 percent.

History of Selected Insurance Premium Tax Credits (\$ millions)				
Credit	2002	2003	2004	2005
Salary Credit	144.4	176.9	173.9	177.8
Corp Income Tax Credit	103.4	88.6	130.3	188.2
Firefighter's Pension	54.4	60.1	65.9	76.6
Police Officers' Pension	58.9	65.6	67.1	69.4
CAPCO	<u>13.2</u>	<u>12.1</u>	<u>12.4</u>	<u>13.3</u>
Total for Selected Credits	374.3	403.3	449.6	525.3

Combined salary credits and corporate income tax credits are limited to 65 percent of the premium tax due after deducting the municipal taxes paid by the insurer to fund police officers' and firefighters' pensions. This limitation results in some credits going unused. This is the recent history of unused credits:

Unused Premium Tax Credits (\$ millions)				
	<u>Unused CIT</u>		<u>Unused Salary</u>	
<u>Year</u>	<u>Credits</u>	<u>#Taxpayers</u>	<u>Credits</u>	<u># Taxpayers</u>
2003	26.9	185	78.7	244
2004	46.9	202	91.3	208
2005	72.9	293	85.2	195

Because of limitations on the salary credit, the effective salary credit is less than 15 percent of salary. As the table below shows, the amount of possible salary credit is less than 15 percent of salaries, and the amount of these possible credits that can actually be taken is less than the possible credits. The effective salary credit rate since 2003 has ranged from 5.5 to 6.6 percent of eligible salaries.

Potential and Actual Salary Credits (\$ millions)			
	<u>2003</u>	<u>2004</u>	<u>2005</u>
15 Percent of Eligible Salaries	469.5	392.0	481.4
Possible Salary Credits*	255.1	265.2	263.0
Actual Salary Credits Taken**	176.9	173.6	177.8
Effective Salary Credit Rate	5.65%	6.64%	5.54%
*Can be no greater than premiums times 1.75 % less the sum of municipal police and firefighters' pension tax payments and CIT payments.			
**Limited by the requirement that combined salary credits and corporate income tax credits cannot exceed 65 percent of the premium tax due after deducting the municipal taxes paid to fund police officers' and firefighters' pensions.			

Florida Employees' Salaries Credit (s. 624.509(5), F.S.)

In 1985, the U.S. Supreme Court ruled in *Metropolitan Life Insurance Company v. Ward*²⁵ that a domestic preference provision in Alabama's insurance tax law similar to the preference provision in Florida at the time violated the Equal Protection Clause. Florida and other states looked for ways to provide tax breaks to their domestic insurance companies that would pass constitutional muster, and the Florida Legislature responded by repealing its own domestic preference provision and replacing it with a Florida Employees' Salary Credit. Chapter 87-99, Laws of Florida, provided a credit against the net insurance premium tax equal to 10 percent of the amount paid by an insurer in salaries to employees located or based within Florida. "Salaries" did not cover amounts paid as commissions, and "employees" did not include independent contractors or persons required to hold a license under the Florida Insurance Code, with certain exceptions. The sum of these credits and the credits against the corporate income tax and emergency excise tax was limited to 50 percent of the tax due, and any group of insurers that qualified as an affiliated group of corporations was allowed to file a consolidated premium tax return for the purpose of claiming salary credits. This law also increased the insurance premium tax rate to 2.25 percent. These changes were effective July 1, 1988.

Before the changes enacted in ch. 87-99, Laws of Florida, took effect, the Legislature enacted ch. 88-206, Laws of Florida, which increased the employees' salary credit to 15 percent, increased the total combined salary and corporate income tax plus emergency excise tax credits to 75 percent of the tax due, and reduced the premium tax rate back to 2 percent. Chapter 89-167, Laws of Florida, limited the employees' salary credit to 65 percent of the tax due, and further reduced the insurance premium tax rate to 1.75 percent.

²⁵ 470 U.S. 869, 105 S.Ct. 1676

In FY 2006-07 the salary credit is expected to reduce insurance premium tax revenue by \$203.8 million.²⁶

Corporate Income Tax Credit (s. 624.509(4) and (6)), F.S.)

Corporate income taxes and emergency excise taxes that are paid by any insurer are credited against the liability for insurance premium tax for the annual period in which such tax payments are made. For any insurer issuing policies insuring against loss or damage from the risks of fire, tornado, and certain casualty lines, the insurance premium tax against which the corporate income tax and emergency excise tax are credited is the net amount of such tax remaining after credits for payments for firefighters' relief and pension funds and police officers' retirement funds have been taken. Payments of estimated income tax under chapter 220 and of estimated emergency excise tax under chapter 221 are deemed paid either at the time the insurer actually files its annual returns under chapter 220 or at the time such returns are required to be filed, whichever occurs first, and not at any earlier time when payments of estimated tax may have been made. The total of the credit granted for corporate income taxes and emergency excise taxes and the Florida employees salary credit may not exceed 65 percent of the insurance premium tax due after deducting the taxes paid by the insurer for the Municipal Firefighters' Pension Fund and the Municipal Police Officers' Retirement Fund and workers' compensation administrative assessments. The 2006-07 value of the corporate income tax credit is estimated to be \$151.8 million.²⁷

Police and Firefighters' Pension Credits (ss. 175.141 and 185.12, F.S.)

Municipalities and fire control districts are authorized to impose excise taxes on insurers that do business within their jurisdictions for the purpose of funding the pensions of police and firefighters. Police pensions (ch. 185, F.S.) are funded by .85 percent excise taxes on the premiums for casualty insurance on property within the jurisdiction; firefighters' pensions (ch. 175, F.S.) are funded by a 1.85 percent tax on property insurance premiums. These taxes are fully offset by credits against the state insurance premium tax. For 2006-07, the combined impact of these credits is expected to be a \$155.8 million,²⁸ reduction in premium tax that would otherwise be distributed to General Revenue

Certified Capital Company Act (s. 288.99, F.S.)

In 1998, the Legislature created the Certified Capital Company Act. The primary purpose of the act was to "stimulate a substantial increase in venture capital

²⁶ 2006 Florida Tax Handbook, p. 73.

²⁷ *Ibid.*

²⁸ *Ibid.*

investments in this state by providing an incentive for insurance companies to invest in certified capital companies in this state which, in turn, will make investments in new businesses or in expanding businesses.” The incentives to insurance companies for investing were in the form of insurance premium tax credits in amounts equal to the investments in the certified capital companies, known as CAPCOs.

Under Program One of the act, the insurance industry was authorized in 2000 to invest up to a maximum of \$150 million in CAPCOs and claim insurance premium tax credits totaling \$15 million per year for 10 years. Under Program Two, which was never implemented due to lack of funding, an additional \$150 million in insurance premium tax credits would have been allocated by the Office of Tourism, Trade, and Economic Development once certain insurance premium tax collection criteria were met as determined by the Revenue Estimating Conference.

Under Program One, there were three certified companies eligible to receive investment funds from insurance companies and to invest these funds as venture capital. Insurance companies invested a total of \$150 million in these three CAPCOs.

In 2005 Program Two of the Certified Capital Company Act was repealed because it had not been funded or implemented. Program One was also repealed in 2010 when its insurance premium tax credits are scheduled to expire. The expected value of CAPCO credits for 2006-7 is estimated to be \$14.5 million.²⁹

Florida Life and Health Insurance Guaranty Association (Section 631.72, F.S.)

Established by ch. 79-189, Laws of Florida, to protect insurance policy holders and providers of services against insurance company failures, the Florida Life and Health Insurance Guaranty Association is funded by assessments imposed upon Florida life and health insurers and annuity contract providers. These insurers may offset these assessments against their premium tax or corporate income tax liabilities at a rate of 0.1 percent of the amount of such assessment, for each assessment levied before January 1, 1997, for each year following the year in which such assessment was paid until such time as the total of all offsets have been claimed for a given year's assessment. For each assessment levied and paid after December 31, 1996, the amount of offset equals 5 percent of the amount of the assessment for each of the 20 calendar years following the year in which the assessment was paid. This offset is expected to reduce insurance premium tax

²⁹ *Ibid.*

revenue by \$3 million in 2006-07.³⁰ (A similar offset was available for assessments that fund the Florida Insurance Guaranty Association from 1987 through 1994.)

Workers' Compensation Administrative Assessment Credit (s. 440.51, F.S.)

The administration of Florida's Workers' Compensation program is funded through assessments against workers' compensation insurance carriers and self-insurers. These assessments are authorized by s. 440.51, F.S., which also provides that the assessments shall be allowed as a deduction against any other tax levied by the state upon the premiums, assessments, or deposits for workers' compensation insurance on contracts or policies of any insurance carrier, self-insurer, or commercial self-insurance fund. Any insurance carrier claiming such a deduction against the amount of any such tax is not required to pay any additional retaliatory tax levied pursuant to s. 624.5091, F.S., as a result of claiming such deduction. This credit has an expected value of \$58.3 million in 2006-07.³¹

Community Contribution Tax Credit (s. 624.5015, F.S.)

Community contribution tax credits are authorized under s. 624.5105, F.S., equal to 50 percent of the value of a contribution made by an insurer to:

- an activity undertaken by an eligible sponsor that is designed to construct, improve, or substantially rehabilitate housing that is affordable to low-income or very-low-income households; designed to provide commercial, industrial, or public resources and facilities; or designed to improve entrepreneurial and job-development opportunities for low-income persons;
- provide the investment necessary to increase access to high-speed broadband capability in rural communities with enterprise zones, including projects that result in improvements to communications assets that are owned by a business; or
- museum educational programs and materials that are directly related to any project approved between January 1, 1996, and December 31, 1999, and located in an enterprise zone designated pursuant to s. 290.0065, F.S.

Community contribution tax credits were first authorized in 1984. No insurer may receive more than \$200,000 in annual tax credits for all approved community contributions made in any one year, and the total amount of tax credit that may be granted for all programs approved under s. 624.5105, F.S. and ss. 212.08(5)(q) and 220.183, F.S., is \$10.5 million annually for projects that provide homeownership opportunities for low-income or very-low-income households and \$3.5 million annually for all other projects. The value of the credits in 2006-07 is

³⁰ *Ibid.*

³¹ *Ibid.*

expected to be insignificant³² because the credits are mostly taken against sales tax or corporate income tax.

Child Care Credit (s. 624.5107, F.S.)

Section 624.5017, F.S. allows a credit of 50 percent of the startup costs of child care facilities operated by an insurer for its employees against any insurance premium tax due for a taxable year. A credit is also allowed for the operation of a child care facility by an insurer for its employees, in the amount of \$50 per month for each child enrolled in the facility.

Any insurer that makes payments directly to a child care facility in the name of and for the benefit of an employee of the insurer in this state whose child attends the child care facility during the employee's working hours is eligible for a credit against any insurance premium tax due for a taxable year. The credit shall be an amount equal to 50 percent of the amount of such child care payments.

An insurer may not receive more than \$50,000 in annual tax credits for all approved child care costs that the insurer incurs in any one year, and the total amount of tax credits which may be granted for all programs approved under this section and s. 220.19, F.S., is \$2 million annually. In 2006-07, these credits are expected to be worth \$.9 million.³³

Capital Investment Tax Credit (s. 220.191(2), F.S.)

Created in 1998, s. 220.191(2), F.S., grants an annual credit against corporate income tax liability or the premium tax liability generated by or arising out of the qualifying project in an amount equal to 5 percent of the eligible capital costs generated by a qualifying project, for a period not to exceed 20 years beginning with the commencement of operations of the project. The sum of all tax credits provided pursuant to this section may not exceed 100 percent of the eligible capital costs of the project. The annual tax credit granted under this section was limited to the following percentages of the annual corporate income tax liability or the premium tax liability generated by or arising out of a qualifying project:

- (a) One hundred percent for a qualifying project which results in a cumulative capital investment of at least \$100 million.
- (b) Seventy-five percent for a qualifying project which results in a cumulative capital investment of at least \$50 million but less than \$100 million.

³² *Ibid.*

³³ *Ibid.*

(c) Fifty percent for a qualifying project which results in a cumulative capital investment of at least \$25 million but less than \$50 million.

In 2006-07, the value of this credit is estimated to be \$1.1 million.³⁴

Chapter 2006-55, Laws of Florida, extended the credit to the lesser of \$15 million or 5 percent of the eligible capital costs made in connection with a capital investment of \$250 million located in an enterprise zone that creates at least 1500 jobs paying 200 percent of the average annual private sector wage, for a period not to exceed 20 years beginning with the commencement of operations of the project.

Exemption for Annuities (s. 624.509(8), F.S.)

Since 1980, annuity premiums have been exempt from insurance premium tax if the resulting tax savings are credited to the annuity holder, which includes an employer contributing to employees' pension, annuity, or profit-sharing plans. This exemption has an estimated value of \$126.9 million in 2006-07.³⁵

³⁴ *Ibid.*

³⁵ *Ibid.*

Recent Legislative Proposals

Title Insurance

In 2004 and 2006, legislation was proposed (SB 2528 and HB1653 in 2004 and SB 1714 and HB 857 in 2006) that would have reduced the insurance premium tax on title insurance. Under current law, all title insurance premiums are subject to the 1.75 percent premium tax. The 2004 proposals would have exempted up to 70 percent of the gross receipts from title insurance premiums from this tax. The 2006 proposals would have phased in this exemption, with 20 percent of premiums exempt in 2007, 45 percent exempt in 2008, and 70 percent exempt in 2009 and thereafter. The 2006 proposal was amended to reduce the tax rate for title insurance premiums to 0.6 percent. The recurring revenue impact of the 70 percent exemption was estimated to be an \$11.3 million reduction in General Revenue; reducing the tax rate was estimated to reduce General Revenue by \$8.4 million on a recurring basis.

In July 2006, the Florida Office of Insurance Regulation (OIR) published *An Analysis of Florida's Title Insurance Market: Three Studies that Provide a Comprehensive, Multifaceted Review of the Florida Title Insurance Industry*. Two of the studies were conducted by academic experts in the fields of Real Estate Insurance, Risk Management and Insurance, and Economics, and the third study was done by an actuary employed in the Department of Financial Services, Office of the Consumer Advocate. All three studies conclude that most Florida consumers of title insurance services appear to be paying more for comparable title insurance than consumers in other states. As a result of these studies, the Office of Insurance Regulation intends to perform an exhaustive analysis of title insurance premiums and related charges. This analysis will provide the basis for setting premiums and limiting related title services charges by OIR.

Salary Credits Issues

In 2001, the Revenue Estimating Conference was asked to estimate the impact of increasing the amount of the insurance premium tax salary credit to be excluded from the retaliatory tax calculation from 80 percent to 100 percent. The annualized reduction in General Revenue was estimated to be \$4 million. Legislation filed in 2003³⁶ included this proposal. Two years later, legislation³⁷ increased the amount of salary credit excluded from retaliatory tax calculation

³⁶ HB 792 (2003)

³⁷ Ch. 2005-280, Laws of Florida.

from 80 percent to 100 percent for employees whose principal place of employment is in a Florida enterprise zone. The fiscal impact of this provision was expected to be an annualized reduction in General Revenue of \$200,000.

Insurance Premium Taxes in Other States

All states tax insurance premiums and many allow various credits against the tax.³⁸ Tax rates range from .5 percent (Illinois) to 4.265 percent (Hawaii). While comparisons are complicated by different rates for different types of insurance, 29 states have higher tax rates than Florida for most types of insurance; four other states tax most insurance premiums at 1.75 percent; the rest of the states have lower rates. Oregon does not have a specific insurance premium tax; insurers are subject to a corporate excise tax. Hawaii is the only state whose insurance premium tax that does not include retaliatory taxes.

Seven states³⁹ in addition to Florida allow credits based on in-state salaries or for maintaining office facilities in the state. Eleven other states⁴⁰ have enacted CAPCO-like credits for capital investments intended to encourage specific kinds of development in the state; three of these states,⁴¹ in addition to Florida, have repealed these programs or deauthorized further expansions.

³⁸ Information on other states' insurance premium taxes is from *CCH State Tax Guide – All States Volume 3*, CCH Inc.: Chicago.

³⁹ Alabama, Arkansas, Hawaii, Kansas, Nevada, Oklahoma, Virginia.

⁴⁰ Alabama, Arkansas, Colorado, Georgia, Kentucky, Louisiana, Massachusetts, Missouri, Montana, New York, Oklahoma.

⁴¹ Colorado, Georgia, Louisiana.

Conclusions and Recommendations

The insurance premium tax has grown in importance as a source of tax revenue in recent years as annual intangibles tax and estate tax revenues have been reduced to zero. Because of its growing importance as a revenue source, proposals to change this tax warrant careful scrutiny. The amount of credits against the insurance premium tax resulting from Florida salary payments, corporate income tax, firefighters' and police officers' pension fund assessments, and CAPCO funding have been about as large as the General Revenue contribution of the tax. Proposals to create additional credits or expand existing ones could significantly affect General Revenue.

Although the law provides for a credit of up to 15 percent of salaries of eligible Florida employees, actual salary credits are far less than that amount because of other limitations on the credits. The Legislature may want to examine whether the salary credit as it exists is the best tax policy for the insurance industry in Florida.

Florida's insurance premium tax rate appears to be in line with other states, and Florida offers credits that are available in some, but not the majority of, other states.

Appendixes

Appendix A – DOR 907 Insurance Premium Installment Payment and Instructions

Appendix A – DR 907 Insurance Premium Installment Payment and Instructions

Florida Insurance Premium Installment Payment

FEIN: _____ Florida Code: _____

Business Partner Number: _____

Payment Number 1 Tax Year
Due April 15

Name: _____
Address: _____
City/ST/ZIP: _____

Check here if you transferred payment electronically.
Be sure to sign and date reverse side.

Mail form and remittance to:
FLORIDA DEPARTMENT OF REVENUE
5050 W TENNESSEE STREET
TALLAHASSEE FL 32399-0150

HD/PM Date: / / DR-907 R. 01/06

	US Dollars				Cents
1. Premium tax payable					
2. Surcharge					
a. commercial policies					
# _____ x \$4					
b. residential policies					
# _____ x \$2					
3. Interest					
4. Penalty					
5. Quarterly statement filing fee					
• Does not apply to surplus lines agents or surplus lines companies.					
6. Amount due					

Do Not Write in the Space Below

0100 0 99999999 0016045033 1 3999999999 0000 2

Florida Insurance Premium Installment Payment

FEIN: _____ Florida Code: _____

Business Partner Number: _____

Payment Number 2 Tax Year
Due June 15 (Estimate premiums through June 30)

Name: _____
Address: _____
City/ST/ZIP: _____

Check here if you transferred payment electronically.
Be sure to sign and date reverse side.

Mail form and remittance to:
FLORIDA DEPARTMENT OF REVENUE
5050 W TENNESSEE STREET
TALLAHASSEE FL 32399-0150

HD/PM Date: / / DR-907 R. 01/06

	US Dollars				Cents
1. Premium tax payable					
2. Surcharge					
a. commercial policies					
# _____ x \$4					
b. residential policies					
# _____ x \$2					
3. Interest					
4. Penalty					
5. Quarterly statement filing fee					
• Does not apply to surplus lines agents or surplus lines companies.					
6. Amount due					

Do Not Write in the Space Below

0100 0 99999999 0016045033 1 3999999999 0000 2

Florida Insurance Premium Installment Payment

FEIN: _____ Florida Code: _____

Business Partner Number: _____

Payment Number 3 Tax Year
Due October 15

Name: _____
Address: _____
City/ST/ZIP: _____

Check here if you transferred payment electronically.
Be sure to sign and date reverse side.

Mail form and remittance to:
FLORIDA DEPARTMENT OF REVENUE
5050 W TENNESSEE STREET
TALLAHASSEE FL 32399-0150

HD/PM Date: / / DR-907 R. 01/06

	US Dollars				Cents
1. Premium tax payable					
2. Surcharge					
a. commercial policies					
# _____ x \$4					
b. residential policies					
# _____ x \$2					
3. Interest					
4. Penalty					
5. Quarterly statement filing fee					
• Does not apply to surplus lines agents or surplus lines companies.					
6. Amount due					

Do Not Write in the Space Below

0100 0 99999999 0016045033 1 3999999999 0000 2

Appendix A – DR 907 Insurance Premium Installment Payment and Instructions

Signature of Officer Date

Complete each line using the line-by-line instructions. Please also refer to Form DR-907N for information.

Line 1 Premium Tax Payable — Enter the amount of installment payment due based upon net premiums written.

Line 2 Surcharge — Enter the number of commercial policies on Line 2a and multiply by \$4.00. Enter the number of residential policies on Line 2b and multiply by \$2.00.

Line 3 Interest — Compute any interest due with this installment payment. Interest is calculated with a floating rate, see DR-907N.

Line 4 Penalty — Compute any penalty due with this installment payment.

Line 5 Quarterly Statement Filing Fee — Enter your quarterly statement filing fee. Fraternal benefit societies do not file quarterly installments. Legal expense insurance corporations must pay a \$25 quarterly statement filing fee. Prepaid limited health service insurers are not required to pay a quarterly filing fee. All other authorized insurers must pay a \$250 quarterly statement filing fee.

Line 6 Amount Due — Enter the total of Lines 1 through 5.

Sign and date the form in the spaces provided above.

Front of Form: Verify the personalized information printed on the front of the form. If you are using a blank form, enter your FEIN and Florida Code in the spaces provided and print or type your name and address in the space under payment due date. Check the box if you have sent your payment electronically.

Signature of Officer Date

Complete each line using the line-by-line instructions. Please also refer to Form DR-907N for information.

Line 1 Premium Tax Payable — Enter the amount of installment payment due based upon net premiums written.

Line 2 Surcharge — Enter the number of commercial policies on Line 2a and multiply by \$4.00. Enter the number of residential policies on Line 2b and multiply by \$2.00.

Line 3 Interest — Compute any interest due with this installment payment. Interest is calculated with a floating rate, see DR-907N.

Line 4 Penalty — Compute any penalty due with this installment payment.

Line 5 Quarterly Statement Filing Fee — Enter your quarterly statement filing fee. Fraternal benefit societies do not file quarterly installments. Legal expense insurance corporations must pay a \$25 quarterly statement filing fee. Prepaid limited health service insurers are not required to pay a quarterly filing fee. All other authorized insurers must pay a \$250 quarterly statement filing fee.

Line 6 Amount Due — Enter the total of Lines 1 through 5.

Sign and date the form in the spaces provided above.

Front of Form: Verify the personalized information printed on the front of the form. If you are using a blank form, enter your FEIN and Florida Code in the spaces provided and print or type your name and address in the space under payment due date. Check the box if you have sent your payment electronically.

Signature of Officer Date

Complete each line using the line-by-line instructions. Please also refer to Form DR-907N for information.

Line 1 Premium Tax Payable — Enter the amount of installment payment due based upon net premiums written.

Line 2 Surcharge — Enter the number of commercial policies on Line 2a and multiply by \$4.00. Enter the number of residential policies on Line 2b and multiply by \$2.00.

Line 3 Interest — Compute any interest due with this installment payment. Interest is calculated with a floating rate, see DR-907N.

Line 4 Penalty — Compute any penalty due with this installment payment.

Line 5 Quarterly Statement Filing Fee — Enter your quarterly statement filing fee. Fraternal benefit societies do not file quarterly installments. Legal expense insurance corporations must pay a \$25 quarterly statement filing fee. Prepaid limited health service insurers are not required to pay a quarterly filing fee. All other authorized insurers must pay a \$250 quarterly statement filing fee.

Line 6 Amount Due — Enter the total of Lines 1 through 5.

Sign and date the form in the spaces provided above.

Front of Form: Verify the personalized information printed on the front of the form. If you are using a blank form, enter your FEIN and Florida Code in the spaces provided and print or type your name and address in the space under payment due date. Check the box if you have sent your payment electronically.

Information for Filing Insurance Premium Installment Payment (Form DR-907)

The DR-907 is a machine-readable form. Please follow the hand print or machine print instructions. Use black ink.
 If hand printing this document, print your numbers as shown and write one number per box. Write within the boxes. If typing this document, type through the boxes and type all of your numbers together.

When is the installment payment due and payable? Installments of tax are due and payable on April 15, June 15, and October 15 of each year. A final payment of tax due for the year must be made at the time the taxpayer files the return (DR-908) for such year.

What are the installment payments based upon? Installments are based upon the estimated gross amount of receipts of insurance premiums or assessments received during the immediately preceding calendar quarter. The second quarter installment due June 15 (not July 15) requires the estimate to be through June 30.

Any taxpayer paying for each installment, 27 percent of the amount of the annual tax reported on the preceding year's Form DR-908 (Line 11 minus Line 9 and Line 10), shall not be subject to the installment penalty.

Penalty for Underpayment/Late Filing of Insurance Premium Tax Installment Payments:

Any taxpayer who fails to report and timely pay any installment of tax, who estimates any installment of tax to be less than 90 percent of the amount finally shown to be due in any quarter, and/or who fails to report and timely pay any tax due with the final return is subject to a penalty of 10 percent on any underpayment of taxes or delinquent taxes due and payable for that quarter and/or on any delinquent taxes due and payable with the final return.

Interest for Underpayment/Late Filing of Insurance Premium Tax Installment Payments:

Interest accrues when a taxpayer fails to pay any amount due or any portion thereof, on or before the due date. A floating rate of interest applies to underpayments and late payments of tax. The rate is updated January 1 and July 1 of each year by using the formula established in section 213.235, Florida Statutes. For current and prior year interest rates, visit our Internet site or contact Taxpayer Services (see "For Information and Forms").

Where to Mail Your Form and Payment:

Mail your completed DR-907 form and payment to:
 Florida Department of Revenue
 5050 W Tennessee Street
 Tallahassee FL 32399-0150

Electronic Funds Transfer

If you paid \$30,000 or more in tax during the State of Florida's prior fiscal year (July 1, 2004 – June 30, 2005), you are required to remit taxes by electronic funds transfer (EFT). You can enroll for EFT via the Department's Internet site at www.myflorida.com/dor; click on e-Services. For more information, call the Department at 800-352-3671 or 850-488-6800.

For Information and Forms:

Information and forms are available on our Internet site at www.myflorida.com/dor

To speak with a Department of Revenue representative, call Taxpayer Services, Monday through Friday, 8 a.m. to 7 p.m., ET, at 800-352-3671 or 850-488-6800.

Persons with hearing or speech impairments may call the TDD line at 800-367-8331 or 850-922-1115.

To receive forms by mail:

- Order multiple copies of forms from our Internet site at www.myflorida.com/dor/forms or
- Fax your form request to the DOR Distribution Center at 850-922-2208 or
- Call the DOR Distribution Center at 850-488-8422 or
- Mail your form request to:
 Distribution Center
 Florida Department of Revenue
 168A Blountstown Hwy
 Tallahassee FL 32304-3702

For a written response to your questions, write:

Taxpayer Services
 Florida Department of Revenue
 1379 Blountstown Hwy
 Tallahassee FL 32304-2716

Detach Here

Change of Address or Business Name

Complete this form, sign it, and mail it to the Department if:

- The address below is not correct.
- The business location changes.
- The corporation name changes.

Mail to:

FLORIDA DEPARTMENT OF REVENUE
 5050 W TENNESSEE ST
 TALLAHASSEE FL 32399-0100

CHANGE IN

New Location Address

FEIN of Entity -

Business Location _____

City _____ State _____ ZIP _____

Business Telephone (_____) _____ County _____

In Care of _____

New Mailing Address

Mailing Address _____

City _____ State _____ ZIP _____

Owner's Telephone (_____) _____ County _____

New Business Name

DBA _____

New Corporation Name

Signature of Officer (Required)

Date

0100 9 99999999 0016045999 7 3999999999 0000 2

Appendix B – DR 908 Insurance Premium Taxes Fees Return



**Insurance Premium Taxes and Fees Return
For Calendar Year 2005**

DR-908
R. 01/06



DOR USE ONLY
 / /
 POSTMARK OR HAND DELIVERY DATE

FEIN Florida Code Business Partner No.

Name
Address
City/ST/ZIP

Original Return Final Return
 Amended Return
 Reason for amended return: _____

**Important Notice: Surplus Line Companies
Complete Lines 10 Through 17 Only**

Computation of Insurance Premium Taxes and Fees		US Dollars		Cents
1. Total Premium Tax Due (Schedule I)	1.	<input type="text"/>	<input type="text"/>	<input type="text"/>
2. Credits Against the Tax (Schedule III)	2.	<input type="text"/>	<input type="text"/>	<input type="text"/>
3. Net Premium Tax Due (If Line 1 minus Line 2 equals less than zero, enter zero)	3.	<input type="text"/>	<input type="text"/>	<input type="text"/>
4. State Fire Marshal Regulatory Assessment (Schedule X).....	4.	<input type="text"/>	<input type="text"/>	<input type="text"/>
5. Wet Marine and Transportation Tax (Schedule XI).....	5.	<input type="text"/>	<input type="text"/>	<input type="text"/>
6. Firefighters' Pension Trust Fund (Schedule XII).....	6.	<input type="text"/>	<input type="text"/>	<input type="text"/>
7. Municipal Police Officers' Retirement Trust Fund (Schedule XIII).....	7.	<input type="text"/>	<input type="text"/>	<input type="text"/>
8. Retaliatory Tax (Schedule XIV).....	8.	<input type="text"/>	<input type="text"/>	<input type="text"/>
9. Filing Fee (Schedule XV).....	9.	<input type="text"/>	<input type="text"/>	<input type="text"/>
10. Commercial/Residential Policy Surcharge (Schedule XVI) plus Payment Due from Refund (Schedule XVII)	10.	<input type="text"/>	<input type="text"/>	<input type="text"/>
11. Total Tax Due (Sum of Line 3 through Line 10)	11.	<input type="text"/>	<input type="text"/>	<input type="text"/>

The DR-908 is a machine-readable form. Please follow the hand print or machine print instructions. Use black ink.
 If hand printing this document, print your numbers as shown and write one number per box. Write within the boxes. 0123456789
 If typing this document, type through the boxes and type all of your numbers together. 0123456789

Payment Coupon 2005 Insurance Premium Taxes and Fees Do not detach coupon. DR-908 R. 01/06

To ensure proper credit to your account, enclose your check with tax return when mailing. Return is due March 1, 2006

Check here if you transmitted funds electronically DR-908

Enter name and address, if not pre-addressed:
 Name
Address
City/ST/ZIP

	US Dollars	Cents
Total amount due from Line 16	<input type="text"/>	<input type="text"/>
Overpayment to be Refunded from Line 17	<input type="text"/>	<input type="text"/>
FEIN Enter FEIN if not pre-addressed	<input type="text"/>	<input type="text"/>
Business Partner Number	<input type="text"/>	<input type="text"/>

Do Not Write in the Space Below
 0100 0 99999999 0016045031 3 3999999999 0000 2



12. Less: Installments Paid (include quarterly statement filing fees and surcharges). See instructions.

1st Quarter _____ 2nd Quarter _____
3rd Quarter _____
If amended, amount paid with original return _____
Total Installment Payments 12.

US Dollars										Cents		

13. Net Tax Due or Overpayment (Line 11 minus Line 12)..... 13.

US Dollars										Cents		

 Check here if negative

14. Penalty (10% Late Penalty)..... 14.

US Dollars										Cents		

15. Interest (See instructions) 15.

US Dollars										Cents		

16. Amount Due With This Return. Enter on payment coupon also.
(Sum of Lines 13, 14, and 15. If less than zero, enter on Line 17) 16.

US Dollars										Cents		

17. Overpayment to be Refunded. Enter on payment coupon also.
(If amended, amount refunded with original _____) 17.

US Dollars										Cents		

Contact person	Phone number	Fax number
E-mail address	State of domicile	Location of corporate books

All Taxpayers Are Required to Answer Questions A and B Below as Appropriate.

- A. Is the insurer a member of an affiliated group whose parent company made a timely election, which included the insurer, for the alternative salary credit calculation under s. 624.509(5)(a)2., F.S.? (Refer to Schedule IV instructions for more information.) YES NO
- B. Did you use the Department's address database when you sourced your premiums to the local taxing jurisdictions reported on Schedule XII and/or Schedule XIII? (Refer to Schedule XII and XIII instructions for more information.) YES NO

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign here	Signature of officer (must be an original signature)	Date	Title	
Paid preparers only	Preparer's signature	Date	Preparer check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed) and address	FEIN	ZIP	

- | | | |
|---|--|--|
| 1. Have you signed your check? | Make check payable and mail to: | For refund mail to: |
| 2. Have you signed your return? | FLORIDA DEPARTMENT OF REVENUE | FLORIDA DEPARTMENT OF REVENUE |
| 3. Have you attached the Florida Business Page of the Annual Statement filed with the Florida Department of Financial Services? | 5050 W TENNESSEE ST
TALLAHASSEE FL 32399-0150 | PO BOX 6440
TALLAHASSEE FL 32314-6440 |



Name _____ FEIN _____ Taxable Year _____

SCHEDULE I

COMPUTATION OF INSURANCE PREMIUM TAX
(Not To Be Used for Wet Marine and Transportation Tax)
*** Include the Florida Business Page of Your Florida Annual Statement ***

	Types of Insurance	Total Premiums	Tax Rate	Tax Due
1.	Property/Casualty/Misc.			
	a. Less: Excluded Premiums			
	b. Total Taxable Premiums		1.75%	
2.	Life		1.75%	
3.	Accident and Health		1.75%	
4.	Prepaid Limited Health		1.75%	
5.	Commercial Self-Insurance		1.6%	
6.	Group Self-Insurance		1.6%	
7.	Medical Malpractice Self-Insurance		1.6%	
8.	Assessable Mutual Insurers		1.6%	
9.	Annuity Premium (Schedule II, Line 3)			
10.	Total Tax Due (Sum of Line 1b. through Line 9. Enter here and on Page 1, Line 1)*			

* If zero or less, enter -0-

SCHEDULE II

ANNUITY CONSIDERATION PREMIUMS

	Types of Insurance	Total Premiums	Tax Rate	Tax Due
1.	Annuity Premiums		1%	
2.	Premium Tax Savings Derived and Credited to the "Holders" (If none, enter zero "0")			
3.	Total Annuity Premiums Due (Line 1 minus Line 2. Enter here and on Schedule I, Line 9)*			

* If zero or less, enter -0-

SCHEDULE III

CREDITS AGAINST THE PREMIUM TAX

1.	Workers' Compensation Administrative Assessment Credit (Schedule VI, Line 4)	1.
2.	Firefighters' Pension Trust Fund Credit (Schedule XII- B, Line 3, minus credit used Schedule XI, Line 6)	2.
	Municipal Police Officers' Retirement Trust Fund Credit	
3.	(Schedule XIII - B, Line 3 minus credit used Schedule XI, Line 7)	3.
4.	Eligible Corporate Income Tax and Emergency Excise Tax Credit (Schedule V, Line 11) **	4.
5.	Salary Tax Credit (Schedule V, Line 12)	5.
6.	Certified Capital Company (CAPCO) Credit	6.
7.	Florida Life and Health Insurance Guaranty Association Credit (Schedule VII, Line 1)	7.
8.	Community Contribution Credit (Schedule IX, Line 1 minus credit used Schedule XI, Line 8)	8.
9.	Child Care Tax Credits (Total credits approved less credits used on Schedule XI, Line 9)	9.
10.	Capital Investment Tax Credit (Enter here and include in Schedule XIV, Line 12, Column A)	10.
11.	Total Credits (Sum of Line 1 through Line 10. Enter here and on Page 1, Line 2)	11.

** If you filed on a consolidated basis for corporate income tax, you MUST include a schedule showing how the credit is claimed by each subsidiary.



Name _____ FEIN _____ Taxable Year _____

SCHEDULE IV COMPUTATION OF SALARY CREDIT
***** Include Your Florida Department of Revenue Forms UCT-6 and UCS-71 if Claiming this Credit *****

1.	Total Premium Tax Due (Schedule I, Line 10)	1.	
2.	Less: Firefighters' Pension Trust Fund Credit (Schedule XII - B, Line 3)	2.	
3.	Municipal Police Officers' Retirement Trust Fund Credit (Schedule XIII - B, Line 3)	3.	
4.	Corporate Income and Emergency Excise Tax Paid (Florida Form F-1120, Line 14)	4.	
5.	Total (Line 1 minus Line 2 through Line 4)*	5.	
6.	Eligible Florida Salaries (See Instructions)	6.	
7.	Multiply Line 6 by .15	7.	
8.	Salary Credit - (Enter the lesser of Line 5 or Line 7 here and on Schedule V, Line 4)*	8.	

* If zero or less, enter -0-

SCHEDULE V CORPORATE INCOME, EMERGENCY EXCISE AND SALARY CREDIT LIMITATION

1.	Total Corporate Income Tax and Emergency Excise Tax Paid (Florida Form F-1120, Line 14)	1.	
2.	Less: Corporate Income Tax Credit Taken against Wet Marine and Transportation Insurance Tax (Schedule XI, Line 5)	2.	
3.	Eligible Net Corporate Income Tax and Emergency Excise Tax (Line 1 minus Line 2)	3.	
4.	Salary Credit (Schedule IV, Line 8)	4.	
5.	Total Premium Tax Due (Schedule I, Line 10)	5.	
6.	Less: Workers' Compensation Administrative Assessment Credit (Schedule VI, Line 4)	6.	
7.	Firefighters' Pension Trust Fund Credit (Schedule XII - B, Line 3)	7.	
8.	Municipal Police Officers' Retirement Trust Fund Credit (Schedule XIII - B, Line 3)	8.	
9.	Premium Tax Due After Deductions (Line 5 minus Lines 6 through 8)	9.	
10.	Corporate Income Tax/Emergency Excise Tax and Salary Credit Limitation (Multiply Line 9 by .65)	10.	
11.	Eligible Net Corporate Income Tax and Emergency Excise Tax Credit (Enter the lesser of Line 3 or Line 10 here and on Schedule III, Line 4)*	11.	
12.	Salary Tax Credit (Enter the lesser of Line 4 or the difference between Lines 10 and 11 here and on Schedule III, Line 5)* A reduction to the salary credit may be required if the election under s. 624.509(5)(a)2., F.S., applies (see instructions).	12.	

* If zero or less, enter -0-

** If you filed on a consolidated basis for corporate income tax, you MUST include a schedule showing how the credit is claimed by each subsidiary.

SCHEDULE VI WORKERS' COMPENSATION ADMINISTRATIVE ASSESSMENT CREDIT LIMITATION

***** Include Your Florida Carrier and Self Insurance Fund Quarterly Premium Reports if Claiming this Credit*****

1.	Workers' Compensation Premiums Written (Annual Statement - Florida Business, Line 16)*	1.	
2.	Multiply Line 1 by .0175 (Self Insurers multiply by .016)	2.	
3.	Administrative Assessments Paid to Workers' Compensation Trust Fund (Florida Carrier and Self Insurance Fund Quarterly Premium Reports must be attached)		
	a. First Quarter Assessment _____ b. Second Quarter Assessment _____		
	c. Third Quarter Assessment _____ d. Fourth Quarter Assessment _____		
	Total Administrative Assessments Paid*	3.	
4.	Workers' Compensation Administrative Assessment Credit (Enter the lesser of Line 2 or 3 here and on Schedule III, Line 1)*	4.	

* If zero or less, enter -0-

Appendix B – DR 908 Insurance Premium Taxes Fees Return



DR-908
R. 01/06
Page 5

Name _____ FEIN _____ Taxable Year _____

SCHEDULE VII FLORIDA LIFE & HEALTH INSURANCE GUARANTY ASSOCIATION CREDIT (FLAHIGA)
***** Be Sure To Include Your FLAHIGA Certificates of Contribution if Claiming this Credit *****

Year	Total Class B and C Assessments Paid	- Refunds *	= Total Assessments Paid	x Rate	= Credit Amount	Year
1983				.001		1983
1984				.001		1984
1985				.001		1985
1986				.001		1986
1987				.001		1987
1988				.001		1988
1989				.001		1989
1990				.001		1990
1991				.001		1991
1992				.001		1992
1993				.001		1993
1994				.001		1994
1995		*		.001		1995
1996				.001		1996
1997				.050		1997
1998		*		.050		1998
1999				.050		1999
2000				.050		2000
2001				.050		2001
2002				.050		2002
2003				.050		2003
2004				.050		2004
1. Total FLAHIGA Credit (Enter here and on Schedule III, Line 7.)				◆ 1.		

* In 2002, refunds were issued by FLAHIGA from the 1995 and 1998 assessments. These refunds must be subtracted from the original assessments to properly calculate the amount of FLAHIGA credit.

SCHEDULE VIII NOT USED

SCHEDULE IX COMMUNITY CONTRIBUTION CREDIT LIMITATION

Year	Original Contribution	Percentage Allowed (Multiplier)	Total Available Credit (Limited To \$200,000)	Amount Used In Prior Year Listed By Year				Credit Available
				Year	Year	Year	Year	
		50% (.50)						
		50% (.50)						
		50% (.50)						
1. Total Credit Available				◆ 1.				

Appendix B – DR 908 Insurance Premium Taxes Fees Return



DR-908
R. 01/06
Page 6

Name _____ FEIN _____ Taxable Year _____

SCHEDULE X STATE FIRE MARSHAL REGULATORY ASSESSMENT TAX/SURCHARGE

	Types of Fire Premiums	Total Premiums	Tax Rate	Taxable Premiums
1.	Fire - Residential		90%	
2.	*Fire - Commercial	*	90%	
3.	*Commercial Multiple Peril ⁽¹⁾	*	20%	
4.	*Farmowners Multiple Peril	*	20%	
5.	*Crop Hail	*	0%	
6.	Residential Allied Lines		5%	
7.	*Commercial Allied Lines	*	5%	
8.	Homeowners Multiple Peril		30%	
9.	Ocean Marine		12%	
10.	Inland Marine		15%	
11.	Earthquake		5%	
12.	Other			
13.	Total Taxable Premiums (Sum of Line 1 through Line 12)			
14.	State Fire Marshal Tax Due (Multiply Line 13 by .01) ⁽²⁾			⇒
15.	*Total Premiums Subject to Surcharge (See Instructions)			⇒
16.	Surcharge Due (Multiply Line 15 by .001) ⁽²⁾			⇒
17.	Total State Fire Marshal Tax Due Plus Total Surcharge Due (Line 14 plus Line 16) (Enter here and on Page 1, Line 4)			⇒

- (1) Report the combined total for both the "non-liability" and "liability" portions.
 (2) If zero or less, enter -0-

SCHEDULE XI WET MARINE AND TRANSPORTATION TAX

1.	Net Premiums (See Instructions)	1.
2.	Less: Net Losses Paid	2.
3.	Gross Underwriting Profit (Line 1 minus Line 2)*	3.
4.	Wet Marine and Transportation Tax (Multiply Line 3 by .0075)	4.
5.	Corporate Tax Credit (Florida Form F-1120, Line 11 minus Line 12)	5.
6.	Firefighters' Pension Trust Fund Credit (Schedule XII-B, Line 3)	6.
7.	Municipal Police Officers' Retirement Trust Fund Credit (Schedule XIII - B, Line 3)	7.
8.	Community Contribution Credit (Schedule IX, Line 1)	8.
9.	Child Care Tax Credits (Total credits approved)	9.
10.	Net Tax Due (Line 4 minus Lines 5 through 9. Enter here and on Page 1, Line 5)	⇒ 10.

* If zero or less, enter -0-

Appendix B – DR 908 Insurance Premium Taxes Fees Return



DR-908
R. 01/06
Page 7

Name _____ FEIN _____ Florida Code _____

SCHEDULE XII - A FIREFIIGHTERS' PENSION TRUST FUND

Code	Municipality/ Fire Control District	Total Taxable Premiums	Code	Municipality/ Fire Control District	Total Taxable Premiums
015	Boca Grande Fire Control Dist.		298	Deland	
017	Bonita Springs Fire Control Dist.		301	Delray Beach	
021	Destin Fire Control District		303	Deltona	
023	East Lake Tarpon Fire Cntl. Dist.		316	Dunedin	
024	East Naples Fire Control District		317	Dunnellon	
027	Englewood Area Fire Control Dist.		331	Edgewater	
029	Estero Fire Prot. & Resc. Svc. Dist.		349	Eustis	
043	Midway Fire District		359	Fernandina Beach	
047	North Bay Fire District		361	Flagler Beach	
050	North Naples Fire Control District		371	Fort Lauderdale	
053	North River Fire Control District		374	Fort Myers	
055	Ocean City-Wright Fire Control District		379	Fort Walton Beach	
057	Okaloosa Is. Fire Control District		385	Fruitland Park	
060	Palm Harbor Special Fire Control Dist.		387	Gainesville	
064	San Carlos Park Fire Service Dist.		402	Golf	
067	South Walton Fire Control District		416	Greenacres	
069	Southern Manatee Fire & Resc. Dist.		427	Gulfport	
073	St. Lucie Co.-Ft. Pierce Fire Dist.		431	Haines City	
094	West Manatee Fire & Rescue Dist.		432	Hallandale Beach	
118	Apopka		438	Havana	
119	Arcadia		442	Hialeah	
128	Atlantic Beach		458	Holly Hill	
130	Auburndale		459	Hollywood	
134	Avon Park		464	Homestead	
148	Bartow		475	Hypoluxo	
165	Belle Glade		477	Indialantic	
171	Belleair Bluffs		491	Jacksonville (Consol.)	
183	Boca Raton		492	Jacksonville Beach	
191	Boynton Beach		505	Key Biscayne	
192	Bradenton		509	Key West	
198	Briny Breezes		515	Kissimmee	
203	Brooksville		521	LaBelle	
210	Bunnell		530	Lake City	
222	Cape Coral		539	Lake Mary	
229	Casselberry		542	Lake Park	
238	Chattahoochee		544	Lake Wales	
251	Clearwater		545	Lake Worth	
253	Clermont		546	Lakeland	
257	Cocoa		551	Lauderhill	
258	Cocoa Beach		552	Lantana	
265	Cooper City		553	Largo	
268	Coral Gables		554	Lauderdale-by-the-Sea	
270	Coral Springs		555	Lauderdale Lakes	
278	Crescent City		560	Leesburg	
279	Crestview		572	Live Oak	
287	Dade City		578	Longboat Key	
288	Dania Beach		579	Longwood	
292	Davie		590	Lynn Haven	
293	Daytona Beach		592	Maccleenny	
296	Deerfield Beach			Subtotal	



Name _____ FEIN _____ Florida Code _____

SCHEDULE XII - B FIREFIIGHTERS' PENSION TRUST FUND

Code	Municipality/ Fire Control District	Total Taxable Premiums	Code	Municipality/ Fire Control District	Total Taxable Premiums
594	Madeira Beach		846	St. Augustine	
595	Madison		849	St. Cloud	
596	Maitland		855	St. Petersburg	
603	Marathon		856	St. Pete Beach	
604	Marco Island		865	Sanford	
607	Marianna		869	Sarasota	
620	Melbourne		870	Satellite Beach	
626	Miami		874	Sebring	
627	Miami Beach		875	Seminole	
640	Milton		896	South Pasadena	
645	Miramar		898	Springfield	
649	Monticello		900	Starke	
655	Mount Dora		909	Sunrise	
666	Naples		916	Tallahassee	
671	Neptune Beach		918	Tampa	
675	New Port Richey		919	Tamarac	
676	New Smyrna Beach		920	Tarpon Springs	
687	North Miami Beach		921	Tavares	
690	North Port		925	Temple Terrace	
693	Oakland Park		926	Tequesta	
695	Ocala		930	Titusville	
698	Ocean Ridge		938	Valparaiso	
701	Ocoee		941	Venice	
706	Okeechobee		944	Vero Beach	
709	Oldsmar		946	Village of North Palm Beach	
722	Orange Park		947	Village of Palm Springs	
725	Orlando		966	West Palm Beach	
728	Ormond Beach		978	Wilton Manors	
736	Oviedo		984	Winter Garden	
741	Pahokee		985	Winter Haven	
743	Palatka		986	Winter Park	
744	Palm Bay				
745	Palm Beach				
746	Palm Beach Gardens				
748	Palm Coast				
754	Panama City				
755	Panama City Beach				
770	Pembroke Pines				
773	Pensacola				
776	Perry				
787	Pinellas Park				
789	Plantation				
790	Plant City				
796	Pompano Beach				
798	Ponce Inlet				
801	Port Orange				
811	Punta Gorda				
816	Quincy				
831	Riviera Beach				
836	Rockledge				
844	Safety Harbor				

In addition to completing Schedule XII, you must answer Question B on Page 2.

Subtotal from Page 7 1.

Subtotal from Page 8 2.

Total Tax 3.
[Line 1 plus Line 2 times 1.85% (.0185).
Enter here and on Page 1, Line 6]*

Use the physical location of the property when allocating premiums to the fire control district or municipality. Do NOT use ZIP codes. For more information, see instructions.

* If zero or less, enter -0-

Appendix B – DR 908 Insurance Premium Taxes Fees Return



DR-908
R. 01/06
Page 9

Name _____ FEIN _____ Florida Code _____

SCHEDULE XIII - A MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND

Code	Municipality	Total Taxable Premiums	Code	Municipality	Total Taxable Premiums
106	Altamonte Springs		387	Gainesville	
118	Apopka		400	Golden Beach	
119	Arcadia		415	Green Cove Springs	
128	Atlantic Beach		416	Greenacres	
130	Auburndale		425	Gulf Breeze	
132	Aventura		427	Gulfport	
134	Avon Park		431	Haines City	
141	Bal Harbour Village		432	Hallandale Beach	
148	Bartow		442	Hialeah	
151	Bay Harbor Island		443	Hialeah Gardens	
165	Belle Glade		458	Holly Hill	
167	Belleair		459	Hollywood	
168	Belleair Beach		461	Holmes Beach	
169	Belleview		464	Homestead	
183	Boca Raton		472	Howey-in-the-Hills	
191	Boynton Beach		477	Indialantic	
192	Bradenton		479	Indian Harbour Beach	
203	Brooksville		481	Indian Shores	
212	Bushnell		491	Jacksonville (Consol.)	
222	Cape Coral		492	Jacksonville Beach	
229	Casselberry		501	Jupiter	
251	Clearwater		505	Key Biscayne	
253	Clermont		509	Key West	
257	Cocoa		515	Kissimmee	
258	Cocoa Beach		524	Lady Lake	
265	Cooper City		526	Lake Alfred	
268	Coral Gables		530	Lake City	
270	Coral Springs		536	Lake Helen	
278	Crescent City		539	Lake Mary	
279	Crestview		544	Lake Wales	
287	Dade City		545	Lake Worth	
288	Dania Beach		546	Lakeland	
292	Davie		551	Lauderhill	
293	Daytona Beach		552	Lantana	
294	Daytona Beach Shores		553	Largo	
296	Deerfield Beach		560	Leesburg	
298	Deland		578	Longboat Key	
301	Delray Beach		579	Longwood	
317	Dunnellon		590	Lynn Haven	
326	Eatonville		595	Madison	
331	Edgewater		596	Maitland	
333	Edgewood		604	Marco Island	
349	Eustis		607	Marianna	
359	Fernandina Beach		618	Medley	
361	Flagler Beach		620	Melbourne	
365	Florida City		621	Melbourne Beach	
371	Fort Lauderdale		626	Miami	
374	Fort Myers		627	Miami Beach	
377	Fort Pierce		628	Miami Shores Village	
379	Fort Walton Beach		629	Miami Springs	
384	Frostproof				
			Subtotal		

Appendix B – DR 908 Insurance Premium Taxes Fees Return



DR-908
R. 01/06
Page 10

Name _____ FEIN _____ Florida Code _____

SCHEDULE XIII - B MUNICIPAL POLICE OFFICERS' RETIREMENT TRUST FUND

Code	Municipality	Total Taxable Premiums	Code	Municipality	Total Taxable Premiums
640	Milton		874	Sebring	
645	Miramar		879	Shalimar	
649	Monticello		894	South Miami	
655	Mount Dora		898	Springfield	
666	Naples		900	Starke	
671	Neptune Beach		909	Sunrise	
675	New Port Richey		911	Surfside	
676	New Smyrna Beach		912	Sweetwater	
686	North Miami		916	Tallahassee	
687	North Miami Beach		918	Tampa	
690	North Port		919	Tamarac	
693	Oakland Park		920	Tarpon Springs	
695	Ocala		921	Tavares	
701	Ocoee		925	Temple Terrace	
706	Okeechobee		926	Tequesta	
722	Orange Park		930	Titusville	
725	Orlando		936	Umatilla	
728	Ormond Beach		938	Valparaiso	
736	Oviedo		941	Venice	
741	Pahokee		944	Vero Beach	
743	Palatka		946	Village of North Palm Beach	
744	Palm Bay		947	Village of Palm Springs	
745	Palm Beach		954	Wauchula	
746	Palm Beach Gardens		963	West Melbourne	
752	Palmetto		966	West Palm Beach	
754	Panama City		978	Wilton Manors	
755	Panama City Beach		984	Winter Garden	
761	Parkland		985	Winter Haven	
770	Pembroke Pines		986	Winter Park	
773	Pensacola				
776	Perry				
787	Pinellas Park				
789	Plantation				
790	Plant City				
796	Pompano Beach				
801	Port Orange				
807	Port St. Lucie				
811	Punta Gorda				
816	Quincy				
831	Riviera Beach				
836	Rockledge				
839	Royal Palm Beach				
846	St. Augustine				
849	St. Cloud				
855	St. Petersburg				
856	St. Pete Beach				
865	Sanford				
867	Sanibel				
869	Sarasota				
870	Satellite Beach				
873	Sebastian				

In addition to completing Schedule XIII, you must answer Question B on Page 2.

Subtotal from Page 9 1.

Subtotal from Page 10 2.

Total Tax 3.

(Line 1 plus Line 2 times .85% (.0085).
Enter here and on Page 1, Line 7)*

Use the physical location of the property when allocating premiums. Do NOT use ZIP codes. For more information, see instructions.

* If zero or less, enter -0-

Appendix B – DR 908 Insurance Premium Taxes Fees Return



DR-908
R. 01/06
Page 11

Name _____ FEIN _____ Taxable Year _____

SCHEDULE XIV RETALIATORY TAX COMPUTATION

		Column A State of Florida*	Column B State of Incorporation*
1. Net Premium Tax Due (Page 1, Line 3 plus Line 5. See note below)	1.		
2. 80% of Salary Tax Credit Taken (Page 3, Schedule III, Line 5.)	2.		
3. Total Corporate Income Tax and Emergency Excise Tax (See note below)	3.		
4. Enterprise Zone Portion of 20% of Salary Credit Taken (See instructions)	4.		
5. Firefighters' Pension Trust Fund	5.		
6. Municipal Police Officers' Retirement Trust Fund	6.		
7. FIGA (Property Portion of Group III and IV Assessments Only)(Include Certificates)	7.		
8. Fire Marshal Taxes	8.		
9. Annual and Quarterly Statement Filing Fees	9.		
10. Annual License Tax and Certificate of Authority	10.		
11. Agents' Fees	11.		
12. Other Taxes and Fees (Include Schedule)	12.		
13. Workers' Compensation Credit	13.		
14. Total (Sum of Lines 1 through Line 13)	14.		
15. Retaliatory Tax Due [Line 14, Column B (State of Incorporation) minus Line 14, Column A (State of Florida). Enter here and on Page 1, Line 8.]*	15.		
Note: Need calculation of state of incorporation's insurance premium tax and corporate income tax using Florida premium volume, personnel, and property (attach schedule).			

* If zero or less, enter -0-

SCHEDULE XV FILING FEE SCHEDULE

	Required Filing Fees				Filing Fees Due Per Quarter
	Fraternal Benefit Societies	Prepaid Limited Health	Legal Expense Insurance Companies	All Others	
1st Quarter (Due on 4/15/05)	0	0	\$25	\$250	1st Quarter _____
2nd Quarter (Due on 6/15/05)	0	0	\$25	\$250	2nd Quarter _____
3rd Quarter (Due on 10/15/05)	0	0	\$25	\$250	3rd Quarter _____
4th Quarter (Due with this return)	\$250	\$200	\$100	\$250	4th Quarter _____
Total Filing Fees for the Year. Enter here and on Page 1, Line 9 and Schedule XIV, Line 9, Column A					

Note: Surplus lines agents and surplus lines companies are not required to pay filing fees.



Name _____ FEIN _____ Taxable Year _____

SCHEDULE XVI SURCHARGE ON COMMERCIAL/RESIDENTIAL POLICIES

Type of Policy	Total Policies Subject to Surcharge	Rate	Surcharge Due
A. Commercial		X \$ 4.00	A.
B. Residential		X \$ 2.00	B.
Total Surcharge Due for the Calendar Year (Total A + B). Enter here and include on Page 1, Line 10 with total from Schedule XVII.			

SCHEDULE XVII PAYMENT DUE FROM FLORIDA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION (FLAHIGA) REFUND

1.	Total Payment Due from FLAHIGA Refunds Received in 2005, If Any, and Previously Claimed as Credit. Enter here and include on Page 1, Line 10 with total from Schedule XVI. See Instructions.	
----	--	--

Appendix C – DR 908N Instructions for completing Form DR-908



Instructions For Preparing Form DR-908 Florida Insurance Premium Taxes and Fees Return

For Taxable Year Beginning on or After January 1, 2005

DR-908N
R. 01/06

General Instructions

Part One

Taxpayers Required to File Form DR-908

Under Chapter 624, Florida Statutes (F.S.), every authorized domestic, foreign, and alien insurer engaged as indemnitor, surety, or contractor in the business of entering into contracts of insurance or annuity in Florida shall annually remit a tax on insurance premiums, premiums for title insurance, or assessments, including membership fees and policy fees and gross deposits received from subscribers to reciprocal or interinsurance agreements, and on annuity premiums or considerations issued in the State of Florida. Additionally, every authorized domestic, foreign, and alien insurer shall report its gross underwriting profit on wet marine and transportation insurance, as defined in § 624.607(2), F.S., written in the State of Florida during the preceding calendar year. In addition to the premium/underwriting profit taxes imposed under Chapter 624, F.S., an excise tax is levied by each municipality described and classified in § 175.041 and 185.03, F.S., on every authorized insurer engaged in the business of property insurance and casualty insurance, respectively, in the State of Florida. Every domestic, foreign, and alien insurer authorized to engage in the business of fire insurance in the State of Florida shall be subject to a regulatory assessment on policies of fire insurance issued and insuring property in the State of Florida. The premium/underwriting profit taxes, excise taxes, and regulatory assessment must be reported and filed on Florida Form DR-908. **A DR-908 should NOT be filed for each Florida location of an insurer unless the location has its own Federal Employer's Identification Number (FEIN).** If you need additional assistance in completing Form DR-908, please call 800-352-3671 or 850-488-6800. Persons with hearing or speech impairments may call our TDD line at 800-367-8331 or 850-922-1115.

Important: Surplus lines insurers and risk retention groups not certified in Florida are only required to complete Lines 10 through 17 on Page 1 and 2, along with Schedule XVI. These insurers must continue to remit the surplus lines tax to the Florida Surplus Lines Service Office.

When and Where to File

Form DR-908 is due on or before March 1 each year. Returns shall be filed with the Florida Department of Revenue, 5050 W. Tennessee St., Tallahassee FL 32399-0150. If there is an overpayment to be refunded (Line 17), send the DR-908 to Florida Department of Revenue, PO Box 6440, Tallahassee FL 32314-6440. A return will be considered timely filed if it is postmarked by the U.S. Postal Service on or before the applicable due date. Returns due on a Saturday, Sunday, or state or federal holiday will be considered timely filed if postmarked the next work day.

Payment of Tax

The balance of tax shown to be due on the return must be paid in full with the return. Failure to pay the tax on time will subject the taxpayer to assessment of penalties and interest.

Electronic Funds Transfer

If you paid \$30,000 or more in tax during the State of Florida's prior fiscal year (July 1, 2004 – June 30, 2005), you are required to remit taxes by electronic funds transfer (EFT). You can enroll for EFT via the Department's Internet site at www.myflorida.com/dor; click on e-Services. For more information, call the Department at 800-352-3671 or 850-488-6800.

Important: To assist in eliminating posting errors, please verify that the Federal Employer's Identification Number (FEIN) is correct on your tax return and that it exactly matches the FEIN under which your funds are electronically transmitted. If you are transmitting funds for more than one account, ensure accurate credit by making separate transmissions for **each** account.

Attachments and Statements

A copy of the Florida Business Page from the Annual Statement must be attached to Form DR-908 when it is filed. If you are claiming the salary tax credit, you must also submit copies of the Department of Revenue (DOR) Form UCT-6 for each quarter of credit claimed and a copy of DOR Form UCS-71 if applicable. If you electronically file Forms UCT-6 (*Employer's Quarterly Report*) and UCS-71 (*Quarterly Common Paymaster Concurrent Employment Report*), you may substitute printouts of your quarterly electronic filings when those printouts include the company name, FEIN, and unemployment tax number of the entity for which the electronic filing was submitted; the name of each employee; and each employee's gross wages, excess wages not subject to tax, and net taxable wages. If Form UCS-71 is electronically filed for concurrent employees, a breakout by company should be included. Department of Financial Services' (DFS) *Carrier and Self Insurance Fund Quarterly Premium Reports* must be attached if you wrote workers' compensation insurance.

Several credits, in addition to the salary tax credit and workers' compensation administrative assessment credit, require certifications and/or other documents to be attached to Form DR-908 in order to claim that particular credit (see Part Two, "Specific Instructions").

For any insurer required to compute retaliatory tax, a copy of the state of incorporation's *Insurance Premium Tax Return, Corporate Income/Emergency Excise Tax Return*, and any other applicable returns or schedules calculated using Florida premium volume, personnel, and property should be attached.

If you wrote bail bond premiums, the Notes to the Financial Statements in the Annual Statement must be attached to this return as the gross premiums written are subject to premium tax, not the net figure required to be reported on the Florida Business Page.

Signature and Verification

All returns must bear the original signature of an authorized officer or fiduciary. **Fax copies, rubber stamps, or photocopies of signatures are not considered original signatures.**

Any person, firm, or corporation who prepares a return for compensation must also sign the return and provide:

- Federal employer identification number (FEIN), if applicable, and
- Social security number (SSN) or preparer tax identification number (PTIN). Social security numbers are used by the Florida Department of Revenue as unique identifiers for the administration of Florida's taxes. SSNs are confidential under § 213.053 and 119.0721, F.S., and not subject to disclosure as public records.

To Amend a Return

Amended returns must include all schedules and attachments, even those not affected by the amendment. Be sure to check the "Amended Return" box on Form DR-908 and list the reason(s) for amending the return. **All amended returns must bear an original signature as described above.**

Interest and Penalty

A penalty of ten (10) percent is imposed on any underpayment of taxes or delinquent taxes. A floating rate of interest applies to underpayments and late payments of tax. The rate is updated January 1 and July 1 of each year by using the formula established in § 213.235, F.S. For current and prior year interest rates, visit our Internet site or contact Taxpayer Services (see "For Information and Forms" below).

Declaration of Estimated Tax

Taxpayers are required to make quarterly installment payments based on prior year tax due or current taxes due. See the instructions for "Line 12. Installment Payments" on Page 3.

Taxable Year

The taxable year for the Insurance *Premium Taxes and Fees Return* (Form DR-908) is based on a calendar year ending December 31.

For Information and Forms

Information and forms are available on our Internet site at

www.myflorida.com/dor

To receive forms by mail:

- Order multiple copies of forms from our Internet site at www.myflorida.com/dor/forms or
- Fax your form request to the DOR Distribution Center at 850-922-2208 or
- Call the DOR Distribution Center at 850-488-8422 or
- Mail your form request to:
Distribution Center
Florida Department of Revenue
168A Blountstown Hwy
Tallahassee FL 32304-3702

To speak with a Department of Revenue representative, call Taxpayer Services, Monday through Friday, 8 a.m. to 7 p.m., ET, at 800-352-3671 or 850-488-6800.

Persons with hearing or speech impairments may call the TDD line at 800-367-8331 or 850-922-1115.

For a written response to your questions, write:

Taxpayer Services
Florida Department of Revenue
1379 Blountstown Hwy
Tallahassee FL 32304-2716

General Information Questions

Your name, address, FEIN, and Florida code must be entered on the return and payment coupon. Check the appropriate box: "Original", "Amended" or "Final." List the reason(s) for amending the return. Provide your state of domicile, the location of your corporate books, and the phone number, fax number, e-mail address, and name of the individual to be contacted if the Department requires additional information.

**Part Two
Specific Instructions**

Chapter 624, F.S., provides that a tax on insurance premiums, premiums for title insurance, or assessments, including membership fees, policy fees, and gross deposits received from subscribers to reciprocal or interinsurance agreements, annuity premiums, or considerations, and the gross underwriting profit on wet marine and transportation insurance be paid to the Department of Revenue for the following:

- a) Life and health insurance policies covering persons resident in the State of Florida and all other types of policies and contracts (except annuity policies or contracts) covering property, subjects, or risks located, resident, or to be performed in the State of Florida, omitting premiums on reinsurance assumed and deducting return premiums or assessments. No deductions shall be allowed for reinsurance ceded to other insurers, for monies paid upon surrender of policies or certificates for cash surrender value, for discounts or refunds for direct or prompt payment of premiums or assessments, for dividends of any nature or amount paid and credited or allowed to holders of insurance policies, certificates, or surety, indemnity, reciprocal, or interinsurance contracts or agreements.
- b) Gross receipts on annuity policies or contracts paid by holders in the State of Florida. The premium tax authorized by § 624.509 (1)(b), F.S., shall not be imposed upon receipts of annuity premiums or considerations paid by holders in the State of Florida if the tax savings derived are credited to annuity holders.
- c) Gross underwriting profit on wet marine and transportation insurance written in the State of Florida. Such gross underwriting profit shall be ascertained by deducting from the net premiums (gross premiums less all return premiums and premiums for reinsurance) the net losses paid (gross losses paid less salvage and recoveries on reinsurance ceded) during such calendar year under such contracts.

**Computation of Insurance Premium Taxes and Fees
Line-By-Line Instructions**

Line 1. Total Premium Tax Due

Compute your total premium tax due from Schedule I on the basis of the applicable tax rates imposed by or subject to § 624.509 (1) and (2), F.S.

This calculation does not include wet marine and transportation tax. (See Line 5 and Schedule XI instructions.) Enter the total from Schedule I, Line 10.

Line 2. Credits Against the Tax
Enter the total credits against the tax from Line 11, Schedule III. However, in no event shall the total credits against the tax entered here exceed the total tax due.

Line 3. Net Premium Tax Due
Subtract Line 2 from Line 1 to arrive at net premium tax due. This line cannot be less than zero.

Line 4. State Fire Marshal Regulatory Assessment and Surcharge on Commercial Properties
Compute your regulatory assessment under the provisions of § 624.515, F.S., using Schedule X. Compute the amount due for the surcharge under the provisions of § 624.515(2), F.S., using Schedule X. Enter the total from Schedule X.

Line 5. Wet Marine and Transportation Tax
Compute the tax imposed by § 624.510 (1), F.S., on wet marine and transportation insurance using Schedule XI and enter the total.

Lines 6 and 7. Firefighters' and Municipal Police Officers' Retirement Trust Funds
Compute the total excise tax due imposed under § 175.101, F.S. and § 185.08, F.S., for the Firefighters' Pension Trust Fund and the Municipal Police Officers' Retirement Trust Fund, respectively, using Schedules XII and XIII and enter the totals on Lines 6 and 7, respectively.

Line 8. Retaliatory Tax
Compute any applicable retaliatory tax pursuant to § 624.5091, F.S., using Schedule XIV, and enter the retaliatory tax due. A copy of the state of incorporation's Insurance Premium Tax Return, Corporate Income/Emergency Excise Return and any other applicable returns or schedules calculated using Florida premium volume, personnel, and property should be attached for any insurer required to compute retaliatory tax.

Line 9. Filing Fee
Per § 624.501(4), F.S., a quarterly/annual filing fee is imposed for those insurers required to file the annual statement. Enter the amount of Total Filing Fees for the year from Schedule XV.

Line 10. Insurance Policy Surcharge and Payment Due From FLAHIGA Refund
Add the surcharge due from Schedule XVI and the payment due from Schedule XVII and enter the result on Line 10.

Line 11. Total Tax Due
Enter the total of Lines 3 through 10 on Line 11 as total tax due.

Line 12. Installment Payments
Installments of tax are due on April 15, June 15, and October 15 of each year, based upon the estimated gross amount of receipts of insurance premiums or assessments received during the immediately preceding calendar quarter, and are to be filed on Form DR-907, *Insurance Premium Installment Payment*. The installment of the estimated premium tax due shall not be less than 90 percent of the amount finally shown to be due in any quarter, as evidenced by the annual report. Any taxpayer paying

for each installment, 27 percent of the amount of the annual tax reported on the preceding year's Form DR-908 (Line 11 minus Line 9 and Line 10), shall not be subject to the installment penalty.

Include on Line 12 all amounts paid on Line 6 of Form DR-907 for the taxable year, excluding penalty and interest.

If filing an amended return, be sure to include (on the line provided) the amount paid when you filed your original return.

Line 13. Net Tax Due or Overpayment
Subtract the amount on Line 12 from Line 11 and enter the difference of tax due or overpayment.

Lines 14 and 15. Penalty and Interest
If payment with this return includes interest which has accrued or penalty which has been incurred, the respective amounts should be entered on these lines. If a taxpayer has underpaid installment payments (See "Line 12. Installment Payments") and no exception applies, penalty and interest should be computed and included on these lines.

A penalty of ten (10) percent is imposed on any underpayment of taxes or delinquent taxes. A floating rate of interest applies to underpayments and late payments of tax. The rate is updated January 1 and July 1 of each year by using the formula established in § 213.235, F.S. For current and prior period interest rates, visit our Internet site or contact Taxpayer Services (see "For Information and Forms" on Page 2).

Line 16. Amount Due With This Return
Add the total of Lines 13 through 15 to reflect the amount due with the return. Enter the amount here and on the payment coupon.

Line 17. Amount of Overpayment to be Refunded
Enter the amount of overpayment to be refunded. If filing an amended return, be sure to include (on the line provided) any refund claimed on your original return. Enter the amount here and on the payment coupon.

The Department will pay interest on requested refunds not refunded by the later of:

- The July 31st immediately following the March 1st due date of the insurance premium tax return (Form DR-908); or
- 90 days from receipt of a complete return.

A complete return (Form DR-908) should contain all necessary documentation establishing the overpayment. Interest paid by the Department will be based upon a statutory floating rate that may not exceed 11 percent. For current and prior year interest rates, visit our Internet site or contact Taxpayer Services (see "For Information and Forms" on Page 2).

Schedule I
Computation of Insurance Premium Tax

Line 1. Property/Casualty/Miscellaneous
Enter the direct premiums written (gross premiums minus reinsurance assumed and returned premiums) plus any service charge reported on the Florida Business Page from the Florida Annual Statement.

- a) Excluded Premiums - Enter excluded premiums, including Motor Vehicle Service Agreement premiums and Service Warranty Association premiums falling under § 634.415, F.S.

DR-908N
R. 01/06
Page 4

Florida Department of Revenue DR-908 Instructions

b) Total Taxable Premiums - Enter the total taxable premiums, after deducting Line (a) excluded premiums, for property/casualty and miscellaneous policies issued to holders in the State of Florida. Multiply the total taxable premiums by the tax rate of 1.75 percent (.0175). Enter this figure in the "Tax Due" column.

*** Be sure to include a copy of the Florida Business Page from the Florida Annual Statement, (Exhibit of Premiums and Losses). If amounts shown on the Florida Business Page are different from amounts shown on Schedule I, please attach a Reconciliation Schedule. Insurers writing bail bond premiums must attach the Notes to the Financial Statements from the Annual Statement. Gross bail bond premiums are subject to premium tax. The net bail bond premiums reported on the Florida Business Page cannot be used to compute the insurance premium tax due.**

Lines 2 and 3. Life and Accident and Health Plans

Enter the direct premiums written (gross premiums minus reinsurance assumed and returned premiums) for life and accident and health policies issued to holders in the State of Florida, as reported on the Florida Business Page from the Florida Annual Statement. Multiply the direct premiums written by the tax rate of 1.75 percent (.0175). Enter these figures in the appropriate "Tax Due" columns.

*** Be sure to include a copy of the Florida Business Page from the Florida Annual Statement, (Direct Business in this State). If amounts shown on the Florida Business Page are different from amounts shown on Schedule I, please attach a reconciliation schedule.**

Line 4. Prepaid Limited Health Service Organizations

Prepaid Limited Health Service Organizations, regulated under Chapter 636, F.S., provide access to or arrange for the provision of a limited health service. A "limited health service" means ambulance services, dental care services, vision care services, mental health services, substance abuse services, chiropractic services, podiatric care services, and pharmaceutical services. "Limited health service" does not include inpatient, hospital surgical services, or emergency services except as such services are provided incident to the limited health services. Enter the direct premiums written and then multiply this amount by the tax rate of 1.75 percent (.0175). Enter the result in the "Tax Due" column.

Lines 5 and 6. Commercial and Group Self-Insurance Funds

Premiums written for commercial self-insurers under § 624.475, F.S., and for group self-insurers under § 624.4621, F.S., are taxable at a rate of 1.6 percent. Enter the gross premiums written and then multiply this amount by the tax rate of 1.6 percent (.016). Enter the result in the "Tax Due" column.

Line 7. Medical Malpractice Self-Insurance

Medical malpractice self-insurance premiums under § 627.357, F.S., are taxable at a rate of 1.6 percent. Enter the premiums written and then multiply this amount by the tax rate of 1.6 percent (.016). Enter the result in the "Tax Due" column.

Line 8. Assessable Mutual Insurers

Premiums, contributions, and assessments received by an assessable mutual insurer under § 628.6015, F.S., are taxable at a rate of 1.6 percent. Enter the premiums written and then multiply

this amount by the tax rate of 1.6 percent (.016). Enter the result in the "Tax Due" column.

Line 9. Annuity Premiums

Enter the total from Schedule II, Line 3 in the "Tax Due" column on Line 9.

Line 10. Total Tax Due

Add Line 1b through Line 9 and enter the total tax due on Line 10. The total tax due is then entered on Page 1, Line 1 of the return. If zero or less, enter -0-

**Schedule II
Annuity Consideration Premiums**

Line 1. Total Annuity Premiums

Enter the amount of gross receipts on annuity policies or contracts paid by holders in the State of Florida. Multiply the total premiums by the rate of 1 percent (.01), and enter the tax due in the corresponding column.

This tax must be assessed when the annuity premium is received, not when the annuity matures or is otherwise terminated.

Line 2. Tax Savings Credited to Annuity Holders

Per § 624.509(8), F.S., the premium tax shall not be imposed upon receipts of annuity premiums or considerations paid by holders in the State of Florida if the tax savings derived are credited to the annuity holders. Upon request by the Department of Revenue, any insurer availing itself of this provision shall submit to the Department evidence which establishes that the tax savings derived have been credited to annuity holders. The term "holders" includes employers contributing to an employee's pension, annuity, or profit-sharing plan.

Enter the amount of the tax savings, if any, in the appropriate column.

Line 3. Total Annuity Premiums Due

Subtract Line 2 from Line 1; enter the difference on Line 3, and on Schedule I, Line 9. If zero or less, enter -0-.

**Schedule III
Credits Against The Premium Tax**

Line 1. Workers' Compensation Administrative Assessment Credit

Enter the amount from Schedule VI, Line 4.

Line 2. Firefighters' Pension Trust Fund Credit

Enter the amount from Schedule XII - B, Line 3 minus any Firefighters' Pension Trust Fund credit used on Schedule XI, Line 6.

Line 3. Municipal Police Officers' Retirement Trust Fund Credit

Enter the amount from Schedule XIII - B, Line 3 minus any Municipal Police Officers' Retirement Trust Fund credit used on Schedule XI, Line 7.

Line 4. Eligible Corporate Income Tax/Emergency Excise Tax Credit

Enter the amount from Schedule V, Line 11.

Line 5. Salary Tax Credit

Enter the amount from Schedule V, Line 12.

Line 6. Certified Capital Company (CAPCO) Credit

Enter the amount of CAPCO Credit claimed. Per § 288.99(6), F.S., a credit is available for certified investors who made investments of certified capital in certified capital companies. The certified investor shall be allowed to use no more than 10 percent (.10) of the vested premium tax credit, including any carryforward credits, per year beginning with the 2000 insurance premium tax return. Any CAPCO Credit not used by the certified investor in any single year may be carried forward and applied against the premium tax liabilities of such investor for subsequent calendar years until such carryforward amount is used. **Attach a copy of the certification received from the Office of Tourism, Trade, and Economic Development indicating that the insurer has been approved to receive this credit. Also attach a schedule reconciling all credit carryovers, transfers, and sales. If credit carryovers are used or any part of the credit is transferred, purchased, or sold under the provision of § 288.99, F.S., attach a schedule reconciling all transfers, purchases, sales, or carryovers. For transfers, list the company name and FEIN of the certified investor and the transferee(s). For sales, list the company name and FEIN of the certified investor, the purchaser(s), and the seller(s).**

Line 7. Florida Life and Health Insurance Guaranty Association Credit

Enter the amount from Schedule VII, Line 1.

Line 8. Community Contribution Credit

Enter the amount from Schedule IX, Line 1 minus any Community Contribution Credit used on Schedule XI, Line 8.

Line 9. Child Care Tax Credits

Enter the amount of Child Care Tax Credits approved for the taxable year less any Child Care Tax Credits taken against the Wet Marine and Transportation Tax from Schedule XI, Line 9.

Per § 624.5107, F.S., a credit is available against tax due under § 624.509 or § 624.510, F.S., for certain child care costs, including contributions made to nonprofit corporations that use the contributed dollars for expenditures in connection with the operation of an eligible child care facility. An *Application for Child Care Tax Credits* (Form F-1159), available from the Department of Revenue, must be submitted for each taxable year to receive approval to take these credits. **A copy of the approval letter from the Department of Revenue must be attached to the Form DR-908 on which the credit is claimed.** A taxpayer that takes this credit against Florida corporate income tax is not eligible to take it against insurance premium taxes. Any unused credit may be carried forward for a period not to exceed five years.

Line 10. Capital Investment Tax Credit

Enter the amount of the Capital Investment Tax Credit approved for the tax year.

Per § 220.191(2), F.S., an annual investment tax credit is available to a qualifying business that establishes a qualifying project. **Attach a copy of the certification received from the Office of Tourism, Trade, and Economic Development indicating that the insurer has been approved to receive this credit. A pro forma insurance premium tax return indicating the qualifying project's Florida premium tax liability for the year must also be attached to be able to claim this credit.** This credit is

granted against only the portion of the Florida insurance premium tax liability generated by or arising out of a qualifying project. Insurers may apply for this credit with Enterprise Florida, Inc. at 850-488-6300.

Line 11. Total Credits

Enter the total of Lines 1 through 10 on Line 11. The total from Line 11 is then entered on Page 1, Line 2 of the return.

**Schedule IV
Computation of Salary Credit**

In addition to completing Schedule IV, you must answer Question A on Form DR-908, Page 2.

Under § 624.509(5), F.S., a credit is allowed against the net tax imposed under § 624.509, F.S., equal to 15 percent (.15) of the amount paid by an insurer in salaries to employees within the State of Florida, and who are covered by the provisions of Chapter 443, F.S., by the insurer filing this return.

The term "salaries" does not include amounts paid as commissions. The term "employees" does not include independent contractors or any person whose duties require that the person hold a valid license under the Florida Insurance Code, except "adjusters," "managing general agents" and "service representatives," as defined in § 626.015, F.S.

When claiming a salary tax credit, there are certain requirements the insurer must meet to qualify for the credit. These requirements are:

- The employees claimed are not excluded under § 624.509(5), F.S.
- The wages used in the credit calculation must be wages paid to the insurer's employees by the insurer claiming the credit.
- Those employees must be located or based in Florida.
- The insurer claiming the credit is the employer, and the employees are covered by the unemployment compensation provisions contained in Chapter 443, F.S.

Effective January 1, 2003, an affiliated group of corporations that created a service company within its affiliated group on July 30, 2002 may allocate the salary of the service company employees under certain circumstances. See § 624.509(5)(d), F.S.

Net tax is defined as the tax imposed after deductions from the total premium tax due for the Firefighters' Pension Trust Fund Credit, the Municipal Police Officers' Retirement Trust Fund Credit, and the total corporate and emergency excise tax paid.

Effective for the 2005 tax year, an insurer that made an irrevocable election on or before August 1, 2005, for the alternative salary credit calculation under § 624.509(5)(a)2., F.S., may allocate the eligible salaries of the affiliated group to the members of the affiliated group that are covered by the election. The amount of salary credit allowed under this exception is limited to the combined Florida salary tax credits allowed for all insurance companies that were members of the affiliated group of corporations for the tax year ending December 31, 2002, divided by the combined Florida taxable premiums written by all insurance companies that were members of the affiliated group of corporations for the tax year ending December 31, 2002, multiplied by the combined Florida taxable premiums of the affiliated group of corporations for the current year. **Insurers who**

are covered by an election under § 624.509(5)(a)2., F.S., must include a calculation of the current year Salary Credit Cap for the Affiliated Group (Total Florida Taxable Premiums for the Tax Year times Affiliated Group 2002 Factor), an allocation of the affiliated group's eligible salaries to the individual entities in the affiliated group, and the amount of salary credit that is being claimed by each individual entity covered under the election. If the sum of the salary credits of all of the entities in your affiliated group is greater than the salary credit cap for the affiliated group for the year, a reduction in the salary credit(s) claimed by of one or more of the entities within the affiliated group is required so that the sum of salary credits claimed by the affiliated group does not exceed the salary credit cap for the tax year. If a salary credit reduction is required, the reduced credit amount should be placed on the Salary Tax Credit line of Schedule V, Line 12.

Insurers claiming this credit must attach a copy of their quarterly Form UCT-6 to their annual premium tax return, Form DR-908. Form UCS-71 must also be attached with the corresponding UCT-6s, when a portion of concurrent employees' wages are claimed as eligible salaries. If you electronically file Forms UCT-6 and UCS-71, you may substitute printouts of your quarterly electronic filings when those printouts include the company name, FEIN, and unemployment tax number of the entity for which the electronic filing was submitted; the name of each employee; and each employee's gross wages, excess wages not subject to tax, and net taxable wages. If Form UCS-71 is electronically filed for concurrent employees, a breakout by company should be included. If an insurer is claiming a salary tax credit, Form DR-908 is considered incomplete without this documentation.

Line 1. Total Premium Tax Due
Enter the total from Schedule I, Line 10.

Lines 2 and 3. Firefighters' and Municipal Police Officers' Retirement Fund Credits
Enter the total taxes computed from Schedules XII-B and XIII-B, respectively, onto Lines 2 and 3 respectively.

Line 4. Corporate Income Tax and Emergency Excise Tax Paid
Enter the total amount paid from Florida Form F-1120, Line 14 for corporate income tax and emergency excise tax reported on the return due during the calendar year 2005. The credit granted for corporate income tax and emergency excise tax is available for the annual period in which such tax payments are made. Payments of estimated income tax under Chapters 220 and 221, F.S., shall be deemed paid either at the time the insurer actually files its annual returns under Chapter 220 or 221, F.S., or at the time such returns are required to be filed, whichever occurs first.

If a consolidated corporate income tax return is filed, enter the insurance company's pro rata share of the consolidated income tax paid. Each company in the affiliated group with positive income is allocated a share of the income tax paid. An insurance company with positive income is allocated part of the consolidated income tax paid based on its positive Florida income after additions and subtractions (before apportionment) over the total income of all companies within the affiliated group with

positive Florida income after additions and subtractions (before apportionment). This ratio is used to allocate the consolidated income tax paid by the affiliated group to the members of the group with positive income.

For example, Company A (\$100,000 positive income after Florida additions and subtractions and before apportionment), Company B (\$100,000 positive income after Florida additions and subtractions and before apportionment), and Company C (\$50,000 loss after Florida additions and subtractions and before apportionment) filed a Florida consolidated corporate income tax return and paid \$5,000 in tax. Company C is not allocated any of the consolidated corporate income tax paid because it did not have any positive income. Company A is allocated \$2,500 (\$100,000/ \$200,000 X \$5,000). Company B is allocated \$2,500 (\$100,000/ \$200,000 X \$5,000).

Line 5. Total (Net Tax)
Subtract Lines 2 through 4 from Line 1 and enter the difference. This is the net tax figure to be used for comparison purposes. If zero or less, enter -0-.

Line 6. Eligible Florida Salaries
Enter the total eligible Florida salaries. The insurer claiming the credit must be the employer of the claimed employees and must have satisfied the filing requirements of Chapter 60BB-2, Florida Administrative Code.

If the taxpayer is covered by an election for the alternative salary credit calculation under s. 624.509(5)(a)2., F.S., enter the allocated amount of the affiliated group's eligible salaries to the individual entity on Line 6.

Line 7. Computation of Credit
Multiply the total eligible Florida salaries from Line 6 by 15 percent (.15). Enter the result.

Line 8. Salary Credit (Available)
Enter the lesser of Line 5 or Line 7 here and on Schedule V, Line 4, as the total available salary credit cannot exceed the net tax as computed on Line 5. If zero or less, enter -0-.

Schedule V
Corporate Income, Emergency Excise and
Salary Credit Limitation

Under § 624.509 (4) and 624.509 (5), F.S., the corporate income tax and emergency excise tax paid by an insurer shall be credited against, and to the extent thereof shall discharge, the liability for the insurance premium tax, and a credit of 15 percent (.15) of the amount paid by an insurer in salaries to employees located or based within the State of Florida and who are covered by the provisions of Chapter 443, F.S., by the insurer filing this return, shall be allowed against the net tax imposed by § 624.509, F.S.

The total of the credit granted for the corporate income tax and emergency excise tax paid by an insurer and the salary tax credit granted shall not exceed 65 percent (.65) of the premium tax due after deductions taken for the excise taxes paid to fund the Firefighters' and Municipal Police Officers' Retirement Trust Funds, and for the Workers' Compensation Assessment.

Line 1. Total Corporate Income Tax and Emergency Excise Tax Paid

Enter the total corporate income tax and emergency excise tax paid from Florida Form F-1120, Line 14. For corporations filing on a consolidated basis, each individual corporation's share of the consolidated income tax paid must be computed. **A schedule of how the consolidated income tax paid is allocated among the consolidated filers should be attached to the return.** The individual credits claimed cannot exceed the total corporate/ emergency excise tax paid on the consolidated basis. For more information, see the instructions for Schedule IV, Line 4.

Line 2. Corporate Income Tax Credit Taken Against Wet Marine and Transportation Insurance Tax

Enter the credit taken on Schedule XI, Line 5, for corporate income tax.

Line 3. Eligible Net Corporate Income Tax and Emergency Excise Tax

Subtract Line 2 from Line 1 in order to determine the eligible net corporate income tax and emergency excise tax.

Line 4. Salary Credit

Enter the salary credit computed on Schedule IV, Line 8.

Line 5. Total Premium Tax Due

Enter the total premium tax due from Schedule I, Line 10.

Line 6. Workers' Compensation Administrative Assessment Credit

Enter the credit computed on Schedule VI, Line 4.

Lines 7 and 8. Firefighters' and Municipal Police Officers' Retirement Trust Fund Credit

Enter the total excise taxes paid from Schedules XII-B and XIII-B onto Lines 7 and 8, respectively.

Line 9. Premium Tax Due After Deductions

Subtract the amounts on Lines 6, 7, and 8 from the Total Premium Tax Due on Line 5.

Line 10. Limitation of 65 Percent

Multiply Line 9 by 65 percent (.65) and enter the result.

Line 11. Eligible Corporate Income Tax and Emergency Excise Tax Credit

Enter the lesser of Line 3 or the limitation computed on Schedule V, Line 10. If zero or less, enter -0-.

Line 12. Salary Tax Credit

Enter the lesser of Line 4 or the difference between Lines 10 and 11. Lines 11 and 12 are to be entered on Schedule III, Lines 4 and 5 respectively. If zero or less, enter -0-. If the taxpayer is covered by an election for the alternative salary credit calculation under § 624.509(5)(a)2., F.S., and a reduction to the amount of salary tax credit is required, enter the reduced salary credit amount here and on Schedule III, Line 5.

**Schedule VI
Workers' Compensation Administrative Assessment
Credit Limitation**

Line 1. Premiums Written

Enter the total workers' compensation premiums written from the Florida Business Page from the Florida Annual Statement filed with the State of Florida. If zero or less, enter -0-.

Line 2. Tax Rate of 1.75 Percent

Multiply the total workers' compensation premiums written by the tax rate of 1.75 percent (.0175), or 1.6 percent (.016) for self-insurers.

Line 3. Administrative Assessments Paid to Workers' Compensation Trust Fund

The credits for the administrative assessments paid to the Workers' Compensation Trust Fund should relate to the four quarterly writings for which the assessments are levied. Only four assessments may be claimed for each tax year. The fourth quarter assessment must be paid by March 1 of the next year in order to receive credit.

3a - d. Enter the amount of the administrative assessment paid to the Workers' Compensation Trust Fund for each calendar quarter.

Enter the total amount of the administrative assessments paid to the Workers' Compensation Trust Fund pursuant to § 440.51, F.S. Copies of Department of Financial Services' *Carrier and Self Insurance Fund Quarterly Premium Reports* must be attached. If total assessments paid are zero or less, enter -0-.

Line 4. Workers' Compensation Administrative Assessment Credit

Enter the lesser of Line 2 or 3 here and on Schedule III, Line 1.

**Schedule VII
Florida Life and Health Insurance Guaranty
Association (FLAHIGA) Credit**

Under § 631.72, F.S., a member insurer of FLAHIGA may take credit against its premium or income tax liabilities any assessments for each year following the year in which the assessment was paid. However, if a member insurer should cease doing business, all uncredited assessments may be credited against its premium or corporate income tax liability for the year it ceases doing business. Uncredited assessments cannot be transferred to another entity. **Attach a copy of the Assessment Levy and a copy of the certificate of contribution for each assessment claimed as a credit.** Enter the amounts of Class B and C assessments paid and the refunds received for each year and then total. Multiply the total assessments paid by the applicable rate for each year.

Line 1. Total FLAHIGA Credit

Enter the total credit amount here and on Schedule III, Line 7.

Schedule VIII

Not Used

**Schedule IX
Community Contribution Credit Limitation**

Under § 624.5105, F.S., a business is allowed a credit of 50 percent (.50) of a qualified community contribution against any tax due for a calendar year under § 624.509 or 624.510, F.S. The amount of the community contribution credit allowable is limited to \$200,000. Any unused credits may be carried forward for a period not to exceed five (5) years.

Copies of documents from the Office of Tourism, Trade, and Economic Development approving the credit must be attached to the Form DR-908 on which the credit is claimed.

Enter the year and original contribution amount for that year, on a year-by-year basis. Then list the total credit available.

Line 1. Total of Credit Available
Enter the total credit available.

**Schedule X
State Fire Marshal Regulatory Assessment
Tax/Surcharge**

A regulatory assessment of 1 percent (.01) is imposed upon every domestic, foreign and alien insurer issuing policies of fire insurance in the State of Florida, per § 624.515(1), F.S. In addition, effective for policies issued or renewed on or after July 1, 1992, each insurer authorized to transact insurance business in this State must remit a .1 percent (.001) surcharge on all gross direct fire, allied lines, and multiple peril insurance premiums written on commercial property located within this state.

"Fire insurance" means the insurance of structures or other property, including real and tangible property, at fixed locations against loss or damage to such structures or other described properties from the risks of fire and lightning.

"Allied lines" means the insurance of structures or other property against loss or damage to such structures or other properties from the risks of tornado, windstorm, hail, sprinkler or water damage, explosion, riot or civil commotion, flood, rain, and damage from aircraft or vehicle.

Attach a copy of the Florida Business Page from the Annual Statement filed with Florida to Form DR-908.

**Types of Fire Premiums
Lines 1 through 12.**

Enter the amounts of premiums written for the types of policies listed. Multiply the total premiums by the percentage applicable to the peril of fire.

Note: Applicable percentages are recommended. Where the books, records, and percentage assessment methodology clearly demonstrate without exception a lesser percentage, the insurer may apply the lesser percentage. The substitution of other percentages will subject the return to audit.

Line 13. Total Taxable Premiums
Add the taxable premiums on Lines 1 through 12 and enter the total. If zero or less, enter -0-.

Line 14. State Fire Marshal Tax Due
Multiply the total on Line 13 by the rate of 1 percent (.01) and enter the result.

Line 15. Total Premiums Subject to Surcharge
Enter the total premiums from the lines (*) indicating commercial fire, commercial multiple peril, farm owners multiple peril, crop hail, and commercial allied lines, plus the premiums from any other policy of fire, allied lines, or multiperil insurance that insures commercial property located in this state. If zero or less, enter -0-.

Line 16. Surcharge Due
Multiply the total on Line 15 by the rate of .1 percent (.001) and enter the result.

Line 17. Total State Fire Marshal Tax Due Plus Total Surcharge Due
Enter the sum of the State Fire Marshal Tax and the Surcharge here and on Page 1, Line 4 of the return.

**Schedule XI
Wet Marine and Transportation Tax**

Under § 624.510, F.S., an insurer writing policies of wet marine and transportation insurance as defined in § 624.607(2), F.S., shall pay a tax of .75 percent (.0075) of the gross underwriting profit.

Wet marine and transportation insurers are entitled to a credit for corporate income tax imposed under Chapter 220, F.S., for the year paid, the community contribution credit and the excise taxes levied under § 175.101, F.S. and 185.08, F.S. **If the credits available exceed the tax, only include the amount of credits necessary to eliminate the tax. Total excise tax credits available for the insurance premium tax levied under § 624.509, F.S., must be reduced by credits that are applied against the wet marine and transportation tax.**

Line 1. Net Premiums
Enter the net premiums (gross premiums less return premiums and reinsurance assumed) for wet marine and transportation policies written in the State of Florida during the calendar year.

Line 2. Net Losses Paid
Enter the net losses paid (gross losses paid less salvage and recoveries on reinsurance ceded) during the calendar year for any such contracts.

Line 3. Gross Underwriting Profit
Subtract Line 2 from Line 1, and enter the difference. If zero or less, enter -0-.

Line 4. Wet Marine and Transportation Tax
Multiply the total on Line 3 times the rate of .75 percent (.0075) and enter the tax.

Line 5. Corporate Tax Credit
Enter the corporate income tax paid from Florida Form F-1120 (Line 11 minus Line 12).

Line 6. Firefighters' Pension Trust Fund Credit
Enter the amount computed on Schedule XII-B, Line 3.

Line 7. Municipal Police Officers' Retirement Trust Fund Credit
Enter the amount computed on Schedule XIII-B, Line 3.

Florida Department of Revenue DR-908 Instructions

DR-908N
R. 01/06
Page 9**Line 8. Community Contribution Credit**

Complete Schedule IX and enter the total computed credit.

Line 9. Child Care Tax Credits

Enter the amount of Child Care Tax Credits approved for the taxable year. Please see the instructions for Schedule III, Line 9 for information about the availability of this credit. Attach a copy of the approval letter from the Department of Revenue. A taxpayer that takes this credit against Florida corporate income tax is not eligible to take it against insurance premium taxes.

Line 10. Net Tax Due

Subtract Lines 5 through 9 from Line 4. Enter the result here and on Page 1, Line 5 of the return.

Note: This amount cannot be less than zero.

**Schedules XII and XIII
Firefighters' and Municipal Police Officers'
Retirement Trust Funds**

Use the physical location of the property when allocating premiums to the appropriate fire control district or municipality. Do not use ZIP codes as a means of identifying the location of the risk, as they do not provide a sufficient level of detail to identify the appropriate city or district and may result in an inaccurate allocation of premiums.

In addition to completing Schedules XII and XIII, you must answer Question B on Form DR-908, Page 2.

Sections 175.101, F.S., and 185.08, F.S., provide for each municipality and/or fire district having a lawfully established firefighters' pension trust fund and/or a lawfully established municipal police officers' retirement trust fund, respectively, to assess against an insurer engaged in the business of property insurance and/or casualty insurance, respectively, an excise tax on all premiums collected on property within the corporate limits of any such municipality or within the boundaries of any special fire control district.

Regarding the Firefighters' Pension Trust Fund, premiums are to be reported on the gross amount of receipts of premiums from policy holders on all premiums collected on property insurance as defined in § 624.604, F.S., and includes the following lines: fire, earthquake, aircraft, industrial fire, industrial extended coverage, mobile home physical damage, and aggregate write-ins for other lines of business meeting the definition of property insurance.

Regarding the Municipal Police Officers' Retirement Trust Fund, premiums are to be reported on the gross amount of receipts of premiums from policy holders on all premiums collected on casualty insurance as defined in § 185.02(2), F.S., and includes the following lines: private passenger auto liability, commercial automobile liability, PPA physical damage, commercial auto physical damage, fidelity, glass, burglary, and theft.

Additionally, in the case of multiple peril policies which include both property and casualty coverage for a single premium, 70 percent of such premium shall be used as the basis for the Firefighters' Pension Trust Fund assessment reported on Schedule XII and 30 percent of such premium shall be used as the basis for the Municipal Police Officers' Retirement Trust Fund

reported on Schedule XIII. Such multi-peril insurance includes the following lines: farmowners multiple peril, homeowners multiple peril, commercial multiple peril, and mobile home multiple peril.

For Schedules XII and XIII, report all premiums received under property insurance policies and/or casualty insurance policies, respectively, covering or insuring property located within the corporate limits of the municipalities and/or fire control district listed for the calendar year ended December 31, 2005. This must include any business being written in a pool or association arrangement. Multiply the total premiums by the applicable rate of 1.85 percent (.0185) for property policies reported on Schedule XII-B, and by .85 percent (.0085) for casualty policies reported on Schedule XIII-B. Enter the total tax for each excise tax on Line 3 of Schedules XII-B and XIII-B respectively, and on Page 1, Lines 6 and 7 respectively.

If a significant variance exists between the figures reported on your prior year return, a written explanation will be required. A significant variance is considered an increase or decrease of greater than ten percent for any municipality or fire control district. Please review the figures on Schedules XII and XIII of your 2005 return and the information you reported last year. If a significant variance exists, you **must attach a detailed explanation** clarifying the variance between your 2004 and 2005 returns.

The Department of Revenue created a database that insurers may use in assigning their premiums and policies to the various participating local taxing jurisdictions. This database is available for free at <http://geotax.state.fl.us>. This database was created pursuant to § 175.1015 and 185.085, F.S. These statutes provide that insurers who exercise due diligence in using the Department's database to assign their premiums to the participating local taxing jurisdictions shall be held harmless from any liability, including but not limited to, liability for taxes, interest, or penalties that would otherwise be due as a result of an assignment of premiums to an incorrect local taxing jurisdiction. Insurance companies that do not use the electronic database provided by DOR and do not exercise due diligence in applying the electronic database (for policies written or renewed during 2006 and thereafter), are subject to a .5 percent (.005) penalty on the total premium per policy that is improperly assigned.

The Department of Revenue; the Department of Financial Services, Office of Insurance Regulation; and the Department of Management Services, Division of Retirement, Municipal Police Officers' and Firefighters' Retirement Trust Funds Office, administer the Chapter 175 and 185, F.S., taxes.

- * The Department of Financial Services, Office of Insurance Regulation has authority to impose the .5% (.005) penalty relating to the address database and insured risks not properly assigned to participating local taxing jurisdictions.
- * The Department of Management Services, Division of Retirement, Municipal Police Officers' and Firefighters' Retirement Trust Funds Office administers the retirement trust funds, distributes monies to the local taxing jurisdictions, and notifies the Office of Insurance Regulation when insurers fail to comply.

- * The Department of Revenue creates and maintains the database and collects the Chapter 175 and 185, F.S., taxes on its forms. When processing the Insurance Premium Tax returns, the Department of Revenue often contacts insurers about variances between the current year and prior year amount of premium reported for the various local taxing jurisdictions, to help ensure that the proper amounts are reported by the insurer to the proper local taxing jurisdictions.

Sections 175.151 and 185.13, F.S., provide that an insurer's certificate of authority may be canceled or revoked if an insurer fails to comply with the provisions of Chapters 175 and 185, F.S.

Schedule XIV
Retaliatory Tax Computation

Per § 624.5091(1), F.S., when by or pursuant to the laws of any other state or foreign country any taxes, licenses, and other fees, in the aggregate, and any fines, penalties, deposit requirements, or other material obligations, prohibitions, or restrictions are or would be imposed upon Florida insurers or upon the agents or representatives of such insurers, which are in excess of such taxes, licenses, and other fees, in the aggregate, or which are in excess of the fines, penalties, deposit requirements, or other obligations, prohibitions, or restrictions directly imposed upon similar insurers, or upon the agents or representatives of such insurers, of such other state or country under the statutes of this state, so long as such laws of such other state or country continue in force or are so applied, the same taxes, licenses, and other fees, in the aggregate, or fines, penalties, deposit requirements, or other material obligations, prohibitions, or restrictions of whatever kind shall be imposed by the Department of Revenue upon the insurers, or upon the agents or representatives of such insurers, of such other state or country doing business or seeking to do business in this state.

The calculations should be based on the state of incorporation's tax laws, licenses, and fees using the level of premiums written in Florida by the alien or foreign insurer and their Florida personnel and property. Subsection 624.5091(3), F.S., provides that the retaliatory provisions do not apply as to personal income taxes, nor as to sales or use taxes, nor as to reimbursement premiums paid to the Florida Hurricane Catastrophe Fund, nor as to emergency assessments paid to the Florida Hurricane Catastrophe Fund, nor as to ad valorem taxes on real or personal property, nor as to special purpose obligations or assessments imposed in connection with particular kinds of insurance other than property insurance. Therefore, no calculations should be included for Workers' Compensation Assessments, the Florida Comprehensive Health Association Assessment, or any other special purpose obligations or assessments in connection with particular kinds of insurance other than property insurance. If the state of incorporation allows, for example, a credit or tax rate reduction or abatement based on personnel or property, the foreign or alien insurer's Florida personnel or property must be used to calculate the credit or rate reduction or abatement.

Note: New York insurers must amend Form DR-908 if the computation of the CT33/CT33M changes from the amount estimated when the original Form DR-908 was filed.

Line 1. Net Premium Tax Due

The net premium tax due is used as a starting point for retaliatory calculations (gross premium tax due less credits). Add the net premium tax due from Page 1, Line 3 to the wet marine and transportation tax from Page 1, Line 5. Enter the result in Column A. For Column B, calculate what the net premium tax due would be if the volume of Florida premiums were written in the state of incorporation and the insurer's Florida personnel and property were in the state of incorporation.

Line 2. 80 Percent of Salary Tax Credit Taken

Per § 624.5091(1), F.S., 80 percent of the credit provided by § 624.509(5), F.S., (salary credit subject to the limitations) shall not be taken into consideration. Calculate 80 percent of the Salary Tax Credit (Schedule V, Line 12) and enter the result in Column A. If a salary credit is given against the premium tax in the state of incorporation, enter 80 percent of that salary credit in Column B based on Florida premium volume and Florida personnel and property.

Line 3. Total Corporate Income Tax and Emergency Excise Tax

Enter the total corporate income tax and emergency excise tax paid (Florida Form F-1120, Line 14) in Column A. For corporations filing on a consolidated basis, each individual corporation's share of the consolidated income tax paid must be computed.

A schedule of how the consolidated income tax paid is allocated among the consolidated filers should be attached to the return. If a corporate income tax and emergency excise tax is imposed upon insurers writing premiums in the state of incorporation, calculate the amount of corporate income tax and emergency excise tax based on the laws of that state and using the level of premiums written in Florida, and enter the amount computed in Column B.

Note: When calculating corporate income tax for the state of incorporation, use the income, apportionment factor, and other facts that existed for the taxable year whose return would have been filed in the calendar year 2005 calculated by using your Florida business.

Line 4. Enterprise Zone Portion of 20% of Salary Credit Taken

Effective July 1, 2005, a portion of the remaining 20 percent of the salary credit provided by § 624.509(5), F.S., (salary credit subject to limitations) shall not be taken into consideration. Calculate 20 percent of the Salary Tax Credit (Schedule V, Line 12 times 20 percent) and multiply it by a fraction, the numerator of which is the sum of the salaries qualifying for the salary credit of employees whose place of employment is located in an enterprise zone created pursuant to Chapter 290, F.S., and the denominator of which is the sum of the salaries qualifying for the salary credit. Enter the result in Column A. If a salary credit is given against the premium tax in the state of incorporation, enter in Column B, the result of the calculation of 20 percent of the salary credit multiplied by a fraction, the numerator of which is the sum of the salaries qualifying for the salary credit of employees whose place of employment is located in an enterprise zone, or similar type zone from the state of incorporation, and the denominator of which is the sum of the salaries qualifying for the salary credit. The Column B calculation is based on Florida premium volume, Florida personnel and property.

Line 5. Firefighters' Pension Trust Fund

Enter the amount from Page 1, Line 6 in Column A. If an excise tax on property insurance is imposed upon insurers writing premiums in the state of incorporation, then recalculate the tax using Florida premium volume and enter the amount computed in Column B.

Line 6. Municipal Police Officers' Retirement Trust Fund

Enter the amount from Page 1, Line 7 in Column A. If an excise tax on casualty insurance is imposed upon insurers writing premiums in the state of incorporation, then recalculate the tax using Florida premium volume and enter the amount computed in Column B.

Line 7. Florida Insurance Guaranty Association (FIGA) (Property Portion of Group III and IV Assessments Only)

Note: Property insurance as defined in § 624.604, F.S., includes the following lines: fire, earthquake, aircraft, industrial fire, industrial extended coverage, mobile home physical damage, and aggregate write-ins for other lines of business meeting the definition of property insurance. FIGA certificates and a computation schedule must be included.

Take the amount of premiums which can be classified as property insurance for FIGA Group III and Group IV assessments and then divide them by the total premiums reported for Group III and Group IV, respectively. The resulting percentage for Group III property insurance premiums is multiplied by the insurer's total Group III assessment to determine the allowable FIGA Group III assessment which may be added back for retaliatory tax. The portion of Group IV FIGA assessment to be added back is determined in the same manner as Group III. The total allowable FIGA assessment to be included in Column A is the sum of the allowable Group III and Group IV assessments. Enter any guaranty assessment related to property insurance which may be imposed in the state of incorporation in Column B, by calculating the assessment a similar Florida insurer would have been assessed.

Line 8. Fire Marshal Taxes

Enter the amount from Page 1, Line 4 in Column A. Enter any fire marshal tax which may be imposed upon insurers writing premiums in the state of incorporation, using the level of premiums written in Florida, in Column B.

Line 9. Annual and Quarterly Statement Filing Fee

Enter the total annual and quarterly statement filing fees from Page 1, Line 9 in Column A. Enter any like or similar fee imposed upon insurers writing premiums in the state of incorporation in Column B.

Line 10. Annual License Tax and Certificate of Authority

Enter the amount paid to the State of Florida for the annual license tax and the certificate of authority of the insurer in Column A. Enter any like or similar fee imposed upon insurers writing premiums in the state of incorporation in Column B.

Line 11. Agents' Fees

Enter the agents' fees paid by the insurer or agent to the State of Florida in Column A. Enter any like or similar fee imposed upon insurers or agents writing premiums in the state of incorporation using the insurer's Florida agents, in Column B.

Line 12. Other Taxes and Fees

Enter any other taxes and fees which may be imposed upon insurers writing premiums in the State of Florida or the state of incorporation in Column A and Column B, respectively. Please include a schedule itemizing each of these taxes or fees.

Any **Certified Capital Company (CAPCO) Credit** claimed on Schedule III, Line 6 should be included on this line in Column A. Include any similar credit against the state of incorporation's premium tax on this line in Column B.

Any **Capital Investment Tax Credit** claimed on Schedule III, Line 10 should be included in the amount on this line in Column A. Include any similar credit against the state of incorporation premium tax on this line in Column B.

Any **Community Contribution Tax Credit** claimed on Schedule III, Line 8, should be included in the amount on this line in Column A. Include any similar credit against the state of incorporation premium tax on this line in Column B.

Line 13. Workers' Compensation Credit

Enter the workers' compensation credit claimed from Schedule III, Line 1, in Column A. Enter any similar credit against the state of incorporation premium tax, in Column B.

Line 14. Total

Enter the sum of Lines 1 through 13 for both Column A and Column B.

Line 15. Retaliatory Tax Due

Subtract the total on Line 14 for the State of Florida (Column A) from the total on Line 14 for the state of incorporation (Column B), and enter the total tax here and on Page 1, Line 8. Do not enter if less than -0-.

**Schedule XV
Filing Fee Schedule**

Enter the filing fee amount due for the 1st, 2nd, 3rd, and 4th quarters. The 4th quarter annual filing fee is due with this return.

Total all quarterly filing fees for the year and enter this amount here, on Page 1, Line 9 and on Schedule XIV, Line 9, in Column A.

**Schedule XVI
Insurance Policy Surcharge**

Chapter 252, F.S., imposes a \$2 and \$4 surcharge on policies issued or renewed covering Florida residential or commercial real property.

Every insurer, including surplus lines insurers and surplus lines agents, must collect a surcharge from the policy holders of certain types of property insurance. The surcharge does not apply to policies on tangible personal property, except multiple peril type policies on residential or commercial properties and mobile homes.

Line A. Commercial

For the calendar year, enter the total number of commercial fire, commercial multiple peril, business owner's property, and all other policies covering commercial real property in Florida. Multiply by \$4 to determine the total amount due for commercial policies for the calendar year.

DR-908N
R. 01/06
Page 12

Florida Department of Revenue DR-908 Instructions

Line B. Residential

For the calendar year, enter the total number of residential fire, homeowners, mobile homeowners, tenant homeowners, condominium unit owners, and all other policies covering residential property in Florida. Multiply by \$2 to determine the total amount due for residential policies for the calendar year.

Add Lines A and B to determine the total surcharge due. Add this amount to the total payment due from Schedule XVII and enter the result on Page 1, Line 10.

Schedule XVII

Payment Due from Florida Life and Health Insurance Guaranty Association (FLAHIGA) Refund

Subsection 631.72(3), Florida Statutes, provides that any sums acquired by refund pursuant to § 631.718(6), F.S., from the association (FLAHIGA) which have theretofore been written off by contributing insurers and offset against premium or corporate income taxes as provided in subsection (1) and which are not needed for purposes of this part shall be paid by the insurer to the Department of Revenue for deposit with the Treasurer to the credit of the General Revenue Fund.

When FLAHIGA refunds money to an insurer from a previous assessment that was paid by the insurer, and the insurer had claimed credit or partial credit against its insurance premium tax or corporate income tax for that previous payment to FLAHIGA, the insurer is required to pay part of that refund to the Department of Revenue.

Line 1. Total Payment Due from FLAHIGA Refund

Enter any payment due as a result of FLAHIGA assessments claimed as credits against Florida insurance premium tax (Form DR-908, Schedule VII) or Florida corporate income tax (Form F-1120, Schedule V) subsequently refunded by FLAHIGA in calendar year 2005. **If no refund was received from FLAHIGA during the tax year, the amount on Schedule XVII, Line 1, should be zero.** Add this amount to the total surcharge from Schedule XVI and enter the result on Page 1, Line 10.

Example .001 Rate

ABC Insurance Company paid a \$200,000 Class B FLAHIGA assessment in 1995. On its 1997 – 2004 insurance premium tax returns, ABC claimed FLAHIGA credits of \$200 (\$200,000 X .001) each year for its 1995 payment to FLAHIGA. The total FLAHIGA credit taken by ABC, based on the 1995 FLAHIGA assessment, was \$1,600 (\$200 for 8 years). In 2005, FLAHIGA issued ABC a refund of \$40,000 from the 1995 assessment. Per § 631.72(3) F.S., a \$320 payment is due the Department of Revenue in 2005 from that refund (\$40,000 X .001 X 8 years). The \$320 that is due to the Department of Revenue in 2005 is a repayment of the FLAHIGA credits that the insurer had already claimed in tax years 1997 through 2004 against its insurance premium tax or corporate income tax for the \$40,000 that was refunded by FLAHIGA. For tax years 2005 and thereafter, ABC should only use a payment of \$160,000 to FLAHIGA for its 1995 assessment when computing its FLAHIGA credit.

Example .05 Rate

ABC Insurance Company paid a \$300,000 Class B FLAHIGA assessment in 1998. On its 1999 – 2004 insurance premium tax returns, ABC claimed FLAHIGA credits of \$15,000 (\$300,000 X .05) each year for its 1998 payment to FLAHIGA. The total FLAHIGA credit taken by ABC, based on the 1998 FLAHIGA assessment, was \$90,000 (\$15,000 for 6 years). In 2005, FLAHIGA issued ABC a refund of \$30,000 from the 1998 assessment. Per § 631.72(3), F.S., a \$9,000 payment is due to the Department of Revenue in 2005 from that refund (\$30,000 X .05 X 6 years). The \$9,000 that is due to the Department of Revenue in 2005 is a repayment of the FLAHIGA credits that the insurer had already claimed in tax years 1999 through 2004 against its insurance premium tax or corporate income tax for the \$30,000 that was refunded by FLAHIGA. For tax years 2005 and thereafter, ABC should only use a payment of \$270,000 to FLAHIGA for its 1998 assessment when computing its FLAHIGA credit.

From the examples above, the total amount that ABC is required to pay under § 631.72(3), F.S., to the Department of Revenue in 2005 is:

\$40,000 (1995 FLAHIGA refund) X .001 X 8 years = \$320.00
 \$30,000 (1998 FLAHIGA refund) X .05 X 6 years = \$9,000.00
TOTAL DUE = \$9,320.00

- The amount of payment due from FLAHIGA refunds should be based on the actual FLAHIGA credits taken by the insurer against its insurance premium tax or corporate income tax that were the result of the previous corresponding FLAHIGA assessment(s). If an insurer did not claim a FLAHIGA credit based upon the previous corresponding FLAHIGA assessment(s), no payment is required.
- The amount of the payment due from FLAHIGA refunds is not considered when determining whether the proper installments of tax were paid for the tax year.
- The amount of the payment due from FLAHIGA refunds is not included in the computation of the 27 percent exception for installment payments in the following tax year.

Like the FLAHIGA assessments, the FLAHIGA refund and the payment due from the FLAHIGA refund may not be included in the retaliatory tax computation.

Taxpayer comments and suggestions to improve this tax return and instructions may be addressed to:

**COMMUNICATION SERVICES PROCESS
 FLORIDA DEPARTMENT OF REVENUE
 5050 W TENNESSEE ST
 TALLAHASSEE FL 32399-0100**