



ARKANSAS INSURANCE DEPARTMENT
ACCOUNTING DIVISION
1200 WEST THIRD STREET
LITTLE ROCK, AR 72201-1904
PHONE (501) 371-2605
www.insurance.arkansas.gov

PREMIUM TAX INSTRUCTIONS PROPERTY & CASUALTY INSURERS

EACH INSURER MUST FILE THE FOLLOWING:

1. **2007 FORM AID AC PC-T (ANNUAL REPORT OF PREMIUMS, TAXES AND FEES); WITH CHECK ATTACHED**
2. **SUPPORTING DOCUMENTATION FOR SECTION D**
3. **1 COPY OF 2007 ARKANSAS STATE BUSINESS PAGE**
4. **1 COPY OF SCHEDULE T**
5. **2007 FORM AID AC FPRF (ANNUAL REPORT OF PREMIUMS AND TAXES FOR THE FIRE PROTECTION PREMIUM TAX FUND WITH CHECK ATTACHED).**

All tax filings and payments must be received on or before March 1, 2008; the Department does not accept the postmark date or software company forms. No authority exists for granting any extension of time for filing or payment. Any insurer that fails to report or pay tax will be subject to penalty in accordance with ACA 26-57-607.

For questions concerning the completion of tax forms, contact the Accounting Division at (501) 371-2605 or email us at insurance.accounting@arkansas.gov

Do not mail the premium tax forms and checks with the annual statement or any other correspondence. Premium tax forms and payments must be mailed to the following address:

**Arkansas Insurance Department
Accounting Division
1200 West Third Street
Little Rock AR 72201-1904**

DO NOT INCLUDE WITH THE PREMIUM TAX FILINGS:

- | | |
|---|---|
| CORPORATE FRANCHISE TAX: | Remit to the Office of the Secretary of State, Attention: Lisa Bruno, 1401 Capitol Ave., Victory Bldg., Suite 250, Little Rock AR 72201.
MAIL TO ADDRESS ON THE FORM |
| MANDATORY P&C GUARANTY FUND INFORMATION SHEET | If you have any questions, direct inquiries to (501) 371-2776 or www.insurance.arkansas.gov , click on Divisions, then Liquidation.
MAIL TO ADDRESS ON THE FORM |
| MANDATORY ARKANSAS COMPREHENSIVE HEALTH INS POOL (CHIP) | If you have any questions, direct inquiries to (501) 370-2659 or http://www.chiparkansas.org
MAIL TO ADDRESS ON THE FORM |
| SCHEDULE WC | If you have any questions, contact Leah Campbell at (501) 682-3737
http://www.awcc.state.ar.us/premiumtax.html
MAIL TO ADDRESS ON THE FORM |

INSTRUCTIONS FOR AID AC PC-T (Annual Report Of Premiums, Taxes, And Fees)

The retaliatory column is to be completed as if your company was an Arkansas company completing the form for your state of domicile. Taxes and fees, which would be charged an Arkansas company, should be included for retaliatory purposes. Attach a detailed schedule if more than one rate applies for the state of domicile.

SECTIONS A (1) AND B (5): DIRECT WRITTEN PREMIUMS § 26-57-603

A complete explanation of any differences between the tax form, the Arkansas State Business Page, and Schedule T must be attached.

B(7): All entries on this line must be itemized on a separate schedule.

B(13): If your state of domicile imposes a minimum tax, enter the amount in column 2.

SECTION D: STATE OF DOMICILE TAXES/FEEES § 23-63-102

ALL ENTRIES IN THIS SECTION MUST BE ITEMIZED WITH SUPPORTING DOCUMENTATION AND COMPUTATIONS. Forms from the State of Domicile should be used for computations. Documentation such as “other fees” or “other credits” is not acceptable.

SECTION K: Information regarding the Arkansas credits

Life and/or Health Insurers and Health Maintenance Organization Salary Offset § 26-57-604

Companies licensed to write accident and health insurance may take a credit for noncommissioned salaries and wages of the insurer’s Arkansas employees as an offset against the 2.5% tax on accident and health premiums. The offset may not reduce tax due on accident and health premiums by more than 80%. The criteria for the credit is in Schedule IC-PT, (page 4 of FORM AID AC PC-T annual report of premiums, taxes, and fees.)

Arkansas Property and Casualty Guaranty Fund Assessment Credit § 23-90-119

The Property & Casualty Guaranty Fund Association will issue a notice of the available credit. Questions regarding the credit should be directed to the PCGF office at (501) 371-2776.

Arkansas Life and Health Guaranty Fund Assessment Credit § 23-96-115

The Life and Health Guaranty Fund Association will issue a notice of the available credit. Questions regarding the credit should be directed to the LHGF office at (501) 371-2776.

Arkansas Comprehensive Health Insurance Pool § 23-79-507

The CHIP administrator will issue a notice of the available credit. Questions regarding the credit should be directed to the CHIP office at (501) 370-2659.

Affordable Neighborhood Housing Tax Credit §§ 15-5-1303, 15-5-1304

Insurers that perform affordable housing assistance activities may take a premium tax credit for up to 30% of the total amount invested and not to exceed \$750,000 in any taxable year. Program must meet standards of and be approved by Arkansas Development Finance Authority. ATTACH ELIGIBILITY STATEMENT.

Low-Income Housing Tax Credit § 26-51-1702

Insurers are allowed a state income or premium tax credit equal to 20% of the federal low-income housing tax credit not to exceed \$250,000 in any taxable year. The credit is available for insurers that own an interest in a qualified project for which the Arkansas Development Finance Authority has issued an eligibility statement.

Coal Mining Enterprise Credit § 26-51-511

Coal mining enterprises or eligible transferees are eligible for a tax credit if the coal was sold to an electric generation plant for less than \$40.00 per ton excluding freight charges.

Capital Development Corporation Tax Credit § 15-4-1026, 15-4-1029(f)(1)

Person who purchases an equity interest in a capital development company between 2003 through 2013 is entitled to a credit against any state income tax liability or premium tax liability, which may be imposed on the purchaser for any tax year commencing with the tax year, which is two years after the date of the purchase. The credit shall be equal to thirty-three and one-third (33 1/3) of the actual purchase price paid for the equity interest to the company, including any fees or commissions to underwriters or sales agents paid by the company. No fees or commissions in excess of fifteen percent (15%) of the total purchase price may be considered in calculating the amount of the credit. In any one-tax year, the credit shall not exceed fifty percent (50%) of the net state income tax liability or premium tax liability of the taxpayer after all other credits or reductions in tax have been calculated. No credit under this section is allowed for any tax year after December 31, 2019.

Upon dissolution, if the proceeds from the purchase of the equity interest have not been used for the purposes stated in § 15-4-1016 or for operating expenses, then each person who previously claimed a tax credit with respect to that purchase, the tax imposed for the year the dissolution occurs shall be increased by the tax credit amount associated with the unused purchase proceeds.

SECTION J:

The amount of quarterly prepayments must agree with the ACTUAL prepayment amounts paid each quarter.
DO NOT ROUND AMOUNTS.

EST-Q PREPAYMENT BOX MUST INCLUDE CHECK NUMBER.

Make one check payable to the State Treasurer of Arkansas and attach to the form. Checks for groups are not acceptable. Payment must be made for each individual company.

REFUNDS:

If a negative amount results, it cannot be carried forward. A refund will be processed after the audit is completed.

If a refund is due for either AID AC PC-T (annual report of premiums, taxes, and fees) or AID AC FPRF (Fire Protection Premium Tax Fund), check the line on page 1, in the upper right hand corner of the appropriate form.



ACCOUNTING DIVISION
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ACCOUNTING DIVISION
DUE MARCH 1, 2008

ORIGINAL FILING
AMENDED FILING
REFUND DUE

ANNUAL REPORT OF PREMIUMS, TAXES AND FEES OF
FOREIGN PROPERTY & CASUALTY INSURANCE COMPANIES

Form with fields: STATE OF DOMICILE, NAIC COMPANY CODE (5 digit code), COMPANY NAME, MAILING ADDRESS, CONTACT PERSON, TITLE, TELEPHONE NUMBER, EXT, FAX NUMBER, EMAIL ADDRESS

READ INSTRUCTIONS: www.insurance.arkansas.gov

2007 ARKANSAS STATE PAGE:

Column 1
Arkansas Tax

Column 2
State of Domicile Tax
on Arkansas Insurer
Tax Rate _____*

A. ACCIDENT AND HEALTH:

LINES 13-15.6

Table with 3 columns: Description, Column 1 (Arkansas Tax), Column 2 (State of Domicile Tax). Rows include: 1. DIRECT WRITTEN PREMIUMS, 2. LESS DIVIDENDS PAID OR CREDITED, 3. NET TAXABLE PREMIUMS, 4. TAX THEREON 2 1/2%

B. ALL OTHER CLASSES:

EXCLUDING LINES 13-15.6

Table with 3 columns: Description, Column 1 (Arkansas Tax), Column 2 (State of Domicile Tax). Rows include: 5. DIRECT WRITTEN PREMIUMS, 6. PLUS FINANCE AND SERVICE CHARGES, 7. PLUS POLICY MEMBERSHIP AND OTHER FEES, 8. LESS DIVIDENDS PAID OR CREDITED, 9. LESS FEDERALLY REINSURED CROP INS., 10. LESS FEDERAL FLOOD INSURANCE PREMIUMS, 11. LESS WET MARINE AND FOREIGN TRADE, 12. NET TAXABLE PREMIUMS, 13. TAX THEREON 2 1/2%

ATTACH A DETAILED SCHEDULE IF MORE THAN ONE RATE APPLIES FOR STATE OF DOMICILE

Column 1

Column 2

C. WET MARINE AND FOREIGN TRADE:

14. NET PREMIUM WRITTEN DURING CALENDAR YEAR 2007	\$ _____	\$ _____
15. DEDUCT NET LOSSES PAID (GROSS LOSSES PAID LESS SALVAGE & RECOVERIES ON REINSURANCE CEDED)	\$ (_____)	\$ _____
16. GROSS UNDERWRITING PROFIT	\$ _____	\$ _____
17. TAX THEREON 3/4 OF 1%	\$ _____	\$ _____

D. STATE OF DOMICILE: SEE BELOW***

18. ADDITIONAL TAXES AND FEES	<u>XXXXXXXXXXXXXXXX</u>	\$ _____
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E. TOTAL PREMIUM TAX:

19. LINES A(4)+B(13)+C(17)+D(18) AMOUNT CANNOT BE LESS THAN ZERO	\$ _____	\$ _____
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F. FEES:

20. FILING ANNUAL STATEMENT	\$ <u>50.00</u>	\$ _____
21. CERTIFICATE OF AUTHORITY RENEWAL	\$ <u>100.00</u>	\$ _____
22. TOTAL FEES	\$ <u>150.00</u>	\$ _____

G. AGGREGATE LIABILITY OF TAXES AND FEES:

23. FOR CALENDAR YEAR 2007 WITHOUT DEDUCTION OF PREPAYMENTS E(19) + F(22)	\$ _____	\$ _____
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***All entries in column 2, Section D must include itemized supporting documentation. Use forms from the State of Domicile for computations. Documentation such as "other fees" or "other credits" is not acceptable. If the State of Domicile imposes a minimum tax, enter the amount on this line.

H. BASED ON SECTION G, LINE 23, MARK THE COLUMN WITH THE GREATER AMOUNT:

COLUMN 1 - ARKANSAS

COLUMN 2 - STATE OF DOMICILE

USING THE AMOUNTS FROM THE COLUMN MARKED ABOVE, COMPLETE THE FOLLOWING:

24. PREMIUM TAX FROM SECTION E LINE 19 \$ _____

I. CREDITS:

25. ARKANSAS SALARIES CREDIT \$(_____)
 NOTE: MAXIMUM OF 80% OF COLUMN 1, LINE A(4) ONLY
 REFER TO SCHEDULE IC-PT

26. AR P&C GUARANTY FUND ASSESSMENT CREDIT \$(_____)

27. AR LIFE & HEALTH GUARANTY FUND ASSESSMENT CREDIT \$(_____)

28. AR COMPREHENSIVE HEALTH INS POOL (CHIP) CREDIT \$(_____)

29. AFFORDABLE NEIGHBORHOOD HOUSING CREDIT \$(_____)

30. LOW-INCOME HOUSING TAX CREDIT \$(_____)

31. SUBTOTAL H(24) LESS I(25) THRU I(30) \$ _____

32. COAL MINING ENTERPRISE CREDIT \$(_____)

33. CAPITAL DEVELOPMENT CORPORATION CREDIT \$(_____)

J. NET PREMIUM TAXES

34. I(31) LESS I(32) AND I(33) \$ _____

AMOUNT CANNOT BE LESS THAN ZERO

35. FEES FROM SECTION F LINE 22 (see Section H) \$ _____

36. PREMIUM TAX AND FEES DUE \$ _____

37. LESS 2007 QUARTERLY PREPAYMENTS BELOW \$(_____)

38. **NET PAYMENT DUE** \$ _____

2007 FORM AID AC EST-Q PREPAYMENTS

3/31/07	check #	\$
6/30/07	check #	\$
9/30/07	check #	\$

*****PAYMENTS AND REFUNDS*****

- 1 MAKE ONE CHECK PAYABLE TO THE STATE TREASURER OF THE STATE OF ARKANSAS AND ATTACH TO THIS FORM (CHECKS FOR GROUPS ARE NOT ACCEPTABLE. PAYMENT MUST BE MADE FOR EACH INDIVIDUAL COMPANY.)**
- 2 DO NOT TAKE ANY CREDITS FOR PRIOR YEAR OVERPAYMENTS.**
- 3 IF THE NET PAYMENT RESULTS IN A REFUND, DO NOT SEND A CHECK FOR THE FEES IN SECTION F. (PAYMENT INCLUDES THE FEES)**
- 4 REFUNDS WILL BE SENT AFTER THE RETURN IS AUDITED.**

SCHEDULE IC-PT

LIFE AND /OR ACCIDENT AND HEALTH INSURERS AND HEALTH MAINTENANCE ORGANIZATION SALARY ANNUAL OFFSET

Each authorized life or accident and health insurer, including an HMO, may take an annual credit for non-commissioned salaries and wages of the insurer’s Arkansas employees as an offset against the 2.5% direct written tax on life and or accident and health insurance. The offset may not reduce tax due on accident & health premiums by more than 80%: or due on life premiums by more than 70%. The employee must be a non-commissioned hire and have been employed 6 months in Arkansas for the wages to qualify.

The Company reports as follows:

1. Number of non-commissioned Arkansas employees employed for a minimum of six (6) months as of the last day of the calendar year to which this report applies: _____
2. Amount of non-commissioned salaries and wages paid to individuals listed in item 1 above: _____.

Attach complete addresses of Company’s Arkansas offices, which are staffed with individuals listed in Item 1. Attach as many additional sheets as necessary.

AFFIDAVIT

State of _____ County of _____

Comes _____ and states on oath that he/she is the

_____ of _____
 (Title) (Name of Company)

and that the foregoing statements are true and correct as shown by the records of said Company.

 (ORIGINAL SIGNATURE OF OFFICER)

Subscribed and sworn to or affirmed before me, the undersigned Notary Public, on this the _____ day of _____, 20____

My Commission Expires _____

 NOTARY PUBLIC