



# FORM INS-4

# 2017

# MAINE

# INSURANCE PREMIUMS TAX RETURN

## GENERAL INSTRUCTIONS

### WHO MUST FILE

With the exception of captive insurance companies and risk retention groups, every insurance company, association, producer or attorney-in-fact of a reciprocal insurer that does business or collects premiums or assessments (including annuity considerations) in Maine, including surety companies and companies engaged in the business of credit insurance or title insurance, must file three estimated payment returns (Form INS-1) and an annual return (Form INS-4). A fraternal benefit society, order or lodge, as defined in 24-A M.R.S., section 4101(1) is exempt from Maine insurance premiums taxes. Risk retention groups are not required to file estimated returns but must file an annual return. An insurance company with an annual tax liability not exceeding \$1,000 is not required to pay estimated payments. Captive insurers are not subject to the insurance premiums tax; instead, they must file corporate income tax returns. See Form 1120ME for details.

### WHEN TO FILE AND PAY

The annual return and final tax payment for 2017 are due March 15, 2018. The return must include a copy of the NAIC Schedule T and the NAIC Maine state page. All schedules and documents submitted should be clearly identified with the Maine Revenue Services ("MRS") Insurance Premiums Tax Account Number for your company.

Estimated tax payments for 2018 are due April 30, June 25 and October 31, 2018, and are filed using Form INS-1 (Maine Estimated Payment for Premiums and/or Workers' Compensation Insurance Tax). The payments due on April 30 and June 25 must equal at least 35% of the total tax liability for 2017 or 35% of the total tax liability for 2018. The payment due on October 31 must equal 15% of the total tax liability for 2017 or 15% of the total tax liability for 2018.

**Note:** Certain taxpayers with large annual tax liabilities are required to remit tax payments electronically. See MRS Rule 102 on the MRS website (select Laws and Rules) for details.

### MRS INSURANCE PREMIUMS TAX ACCOUNT NUMBER

The MRS Insurance Premiums Tax Account Number is an eleven digit identification number comprised of your nine digit federal EIN with a two digit Maine suffix. The suffix will be '01' unless you are notified by MRS that a different suffix has been assigned.

### INTEREST AND PENALTIES

Beginning January 1, 2018, the interest rate is 6% per annum, compounded quarterly. The penalty for failure to file a return on time is the greater of \$25 or 10% of the tax due, unless the return is filed more than 60 days after the receipt of a demand notice from the State Tax Assessor, in which case the failure-to-file penalty is the greater of \$25 or 25% of the tax due. The penalty for failure to pay a tax liability timely is 1% of the outstanding liability for each month or fraction thereof during which the failure continues, to a maximum of 25% of the outstanding liability.

### WHOLE DOLLAR AMOUNTS

Enter money items as whole dollar amounts. Drop any amount under 50 cents to the lower dollar amount and increase any amount 50 cents through 99 cents to the higher dollar amount.

### FOR INFORMATION AND FORMS

Website: [www.maine.gov/revenue](http://www.maine.gov/revenue)  
Telephone: (207) 624-9753  
Monday-Friday, 8 a.m.-5 p.m.  
Order Forms: (207) 624-7894

### STATUTORY REFERENCES

Title 36 M.R.S. §§ 2512 through 2535.

### SUPPORTING RECORDS

Taxpayers should be prepared to provide supporting documentation for reported amounts that are not supported directly by information in the NAIC Annual Statement. Adequate records must be maintained in a manner that ensures their accessibility by the State Tax Assessor for a period of at least six years.

**Note:** The Maine insurance premiums tax is in addition to the fire investigation and prevention tax (Form INS-5).

# SPECIFIC INSTRUCTIONS

## **Part A - Maine Tax Computation**

**Lines 1a - 1h.** Premium amounts to be reported: A premium is an amount paid or payable for an insurance policy, including all fees (except provider fees paid for service contracts). Enter the gross direct premiums for the line of business indicated on each line. Include premiums paid for reimbursement insurance policies (see 24-A M.R.S. § 7103(8)). Generally, Maine gross direct premiums and related fees are reported on line 20 of the NAIC Annual Statement, Schedule T.

**Service contracts.** Provider fees on service contracts are excluded from premiums subject to the insurance premiums tax. The Maine insurance premiums tax, however, does apply to premiums for reimbursement insurance policies issued to providers. See Title 24-A, Chapter 91 for more information regarding service contracts.

**Line 1a. Accident and Health Premiums.** Enter the gross direct accident and health premiums on risks located or resident in Maine.

**Line 1b. Life Premiums.** Enter the gross direct life premiums on risks located or resident in Maine.

**Line 1c. Property and Casualty Premiums.** Enter the gross direct property and casualty premiums on risks located or resident in Maine. Generally, property and casualty premiums are reported on the Maine State Page of the NAIC Annual Statement, column 1 and related finance and service charges are reported on Schedule T (Finance and Service Charges not Included in Premiums). Exclude direct workers' compensation premiums that are reported on line 1d below.

**Line 1d. Workers' Compensation Premiums.** Enter the gross direct workers' compensation premiums on risks located or resident in Maine. Generally, direct workers' compensation premiums are reported on the Maine State Page of the NAIC Annual Statement, column 1, line 16.

**Line 1e. Title Insurance Premiums.** Enter the gross direct title insurance premiums written on risks located or resident in Maine.

**Line 1f. Annuity Considerations received this year.** Enter annuity considerations received during the taxable year for the purchase of immediate or deferred annuities. Annuity considerations must be reported in the year in which the premium is paid by the annuitant, including payments made during the accumulation period for a deferred annuity. Tax on annuity considerations applies to annuity contracts issued on or after August 1, 1943.

**Line 1g. Annuity Considerations received prior to January 1, 1999 taxable this year.** Enter only annuity considerations annuitized during this taxable year that were received in a tax year ending prior to January 1, 1999 and on which no premiums tax has been paid. Annuity considerations received in tax years ending prior to January 1, 1999 on which no tax was paid in the year received must be taxed in the year in which an annuity is actually purchased. **(See 36 M.R.S. § 2513.)** Annuity considerations reported on this line must include both the amount paid by the policyholder and the interest credited to the account that accumulated over the years before the policy was annuitized. Any amounts such as charges and/or fees collected by the company may not be deducted in calculating the amount reported.

**Line 1h. Other Premiums.** Enter other premiums that are not already included in lines 1a through 1g.

**Lines 2 - 6.** See instructions for Schedule 1.

## **Tax on Net Premiums**

**Line 8a.** Enter only the amount of net premiums on qualified group disability policies written by a large domestic insurer and included in line 7. A large domestic insurer (defined as an insurer domiciled in Maine with assets in excess of \$5,000,000,000 as reported on its annual statement) must pay tax at the rate of 2.55% on premiums on qualified group disability policies written.

**Line 9a.** Enter only the amount of net premiums on long-term care policies certified by the Superintendent of the Bureau of Insurance in accordance with 24-A M.R.S. § 5054 and qualified group disability policies included on line 7, but not included on line 8a. Long-term care policies that have not been certified are taxed at the rate of 2% and must, therefore, be included on line 10a. According to 36 M.R.S. § 2513, the term qualified group disability policies is limited to group health insurance policies properly reported as such in the insurer's annual statement and whose sole coverage is the full or partial replacement of an individual's income in the event of a disability. Policies that contain coverage in addition to replacement of income coverage are considered to solely provide replacement of income coverage as long as the premium related to the additional coverage is not more than 10% of the total premium charged.

Enclose supporting documentation if reporting gross direct premiums collected or contracted for long-term care policies certified by the Superintendent of the Bureau of Insurance in accordance with 24-A M.R.S. § 5054.

**Line 10a.** Enter the premiums from line 7 less premiums reported on lines 8a and 9a.

## SPECIFIC INSTRUCTIONS (CONTINUED)

### **Part B - Retaliatory Tax Computation**

Retaliatory taxes are assessed on foreign or alien insurers, licensed and doing business in Maine, whose state or Canadian province of incorporation would assess, in the aggregate, an overall higher tax on a Maine insurer than Maine assesses on such foreign or alien insurers operating in Maine. Enter on lines 12 through 15 the amounts from Schedule 2, column H as indicated on these lines. See Schedule 2 instructions.

### **Part C -Tax Due**

**Line 16.** For foreign or alien insurers, the Maine insurance premiums tax is the greater of the tax imposed by Maine or the tax that would be imposed by the insurer's state or Canadian province of incorporation. Enter the greater of line 11 or line 15.

**Lines 17 & 19:** Tax credits included on line 17 cannot exceed the amount of tax due on line 16; however, you may be able to carryforward unused portions of these credits to next year. See the appropriate credit worksheets for more information. The credits on line 19 are refundable. You must attach a worksheet for each credit claimed on lines 17 and 19. Credit worksheets are available at [www.maine.gov/revenue/forms](http://www.maine.gov/revenue/forms).

**Line 17. Nonrefundable Tax Credits.** Enter the amount of credit for the: Pine Tree Development Zone credit (36 M.R.S. §2529), credit for Maine Life and Health Guaranty Association (36 M.R.S. § 2530), and Educational Opportunity Tax Credit (36 M.R.S. § 2535). Also enter on this line unused portions of the employer-assisted day care (36 M.R.S. § 2524) and the credit for employer-provided long-term care benefits (36 M.R.S. § 2525-A) carried forward from prior years.

**Line 19. Refundable Tax Credits.** Enter the amount of the new markets capital investment credit (36 M.R.S. § 2533) and the credit for rehabilitation of historic properties (36 M.R.S. § 2534).

**Line 20. Estimated Payments.** Enter the overpayment carried forward from the previous tax year and any estimated payments made for the current tax year. Do not include any nonrefundable credits carried forward from prior years on this line.

**Line 21. Balance Due.** Enter the balance due. Payment must be attached to the return. Late payments are subject to interest and penalties (see general instructions).

**Note:** Certain taxpayers with large annual tax liabilities are required to remit tax payments electronically. See MRS Rule 102 on the MRS website (select Laws and Rules) for details.

**Line 22. Overpayment.** If estimated payments and refundable tax credits exceed the tax liability, enter the overpayment on this line.

**Line 23a. PORTION OF OVERPAYMENT TO BE APPLIED TO NEXT YEAR'S TAX.** Use this line only if you want to have all or part of the overpayment on line 22 applied as an estimated payment to next year's Maine insurance premiums tax.

**Line 23b. PORTION OF OVERPAYMENT TO BE REFUNDED.** Enter here the portion of the overpayment on line 22 to be refunded. The amount entered on this line must equal the difference between lines 22 and 23a.

### **Required Attachments**

Copies of the following documents, which are required attachments of the taxpayer's Annual Statement filed with the Maine Bureau of Insurance, must also be attached to this return. Clearly identify all schedules and documents submitted with your MRS Insurance Premiums Tax Account Number.

#### **Domestic and Foreign Life Insurance Companies**

- Summary of Operations
- Schedule T – Premiums and Annuity Considerations Allocated by States and Territories
- Direct Business in the State of Maine (Maine State Page)

#### **Other Than Life Insurance Companies**

- Exhibit of Premiums and Losses (Maine state page filed with Property & Casualty Annual Statement)
- Exhibit of Premiums, Enrollment and Utilization (Maine state page filed with Health Annual Statement)
- Schedule T, Part 1 – Exhibit of Premiums Written
- Operations and Investment Exhibit – Statement of Income (Title Insurers Only)

# SCHEDULE 1 - DEDUCTIONS BY PREMIUM TYPE INSTRUCTIONS

**Line 1. Direct Return Premiums.** Enter in each column the amount of direct premiums for each insurance product line, as indicated in the column headings, that were returned to policyholders during the tax year. Include only returned premiums that were subject to Maine premiums tax in a prior year and returned premiums that were paid in 2017 and are included in Part A, line 1i. Payments made pursuant to a benefit provision of a policy are not return premiums, even if labeled as such.

Deductions for direct return premiums apply to deferred annuities only if the premiums tax was paid on a "front end" basis (i.e., the premium tax was paid in the year in which the premium was paid by the annuitant). Payments refunded to policyholders that were previously reported by the company as taxable annuity premiums may be deducted as returned premiums. However, only the previously taxed premiums, and not the earnings, may be deducted. If a deferred annuity contract is surrendered as part of the annuitization process, the previously taxed premiums included in the surrender may be deducted as returned premiums. The entire amount of the resulting immediate annuity will be taxable.

In the case of a partial surrender of an annuity contract, no deduction is allowed for return premiums unless, and until, the amount returned exceeds the accumulated earnings in the account. The deduction is further limited to the lesser of the amount of previously taxed considerations or the portion of the surrender exceeding the accumulated earnings.

**Line 2. Dividends Paid.** This line does not apply to risk retention groups. Enter in each column the dividends paid to policyholders or credited on renewals during the year for each product line as indicated in the column headings. Dividends paid are generally found on the State Page of the NAIC Annual Statement. Dividends applied to the purchase of paid up additions are NOT deductible. Do not include dividends paid to policyholders or credited on renewals that relate to

qualified group disability policies or any other policies that are exempt from the Maine insurance premiums tax.

Enter the accident and health dividends paid to, or credited to, policyholders. These are generally reported on the Maine State Page of the NAIC report, line 25.6, column 3. Enter the sum of life insurance dividends paid in cash or left on deposit or applied to renewal premiums that are generally reported on the Maine State Page of the NAIC report, lines 6.1 and 6.2, column 5.

**Line 3. Qualified Pension Plans.** This line does not apply to risk retention groups. Enter premiums exempt from taxation under qualified pension plans. Refer to 36 M.R.S. § 2514 for an explanation of premiums that are exempt from taxation. Do not deduct Roth IRAs established under IRC § 408-A.

**Line 4. Other Deductions.** This line does not apply to risk retention groups. Enter exempt premiums not reported on lines 2 or 3. Do not include premiums exempt under qualified pension plans; those amounts should be reported on line 3. Include on this line any premiums that the State of Maine is prohibited from taxing pursuant to federal law, including premiums for health benefits through the Federal Employees Health Benefits program under Title 5 US Code § 8909(f), premiums paid to Medicare organizations under Title 42 US Code §§ 1395w-24(g), 1395w-112(g), or 1395mm(k)(4)(B) and premiums paid for crop insurance policies that are reinsured by the Federal Crop Insurance Corporation pursuant to Title 7 US Code § 1511. Attach an explanation and any other documentation necessary to substantiate the amounts entered on this line.

**Line 5. Totals.** Combine the amounts entered on lines 1-4 for each column. Follow the instructions on the schedule for entering amounts in column H on the appropriate lines on Form INS-4.

# SCHEDULE 2 - RETALIATORY TAX INSTRUCTIONS

Schedule 2 is used to calculate the amount of tax imposed on Maine premiums by a company incorporated in another state or a province of Canada.

**Line 1. Gross Premiums.** Enter in each column the amount of gross direct premiums and related fees taxable in accordance with the laws of your state of incorporation (or province of Canada) for each product line. Enter the sum of columns A-G in column H and on Part B, line 12.

**Line 2. Allowable Deductions.** Enter in each column for each product line deductions allowable for Maine insurance premiums tax purposes calculated in accordance with the laws of your state of incorporation (or province of Canada). Attach an explanation and documentation for any deductions claimed. Attachments should include your company name and MRS Insurance Premiums Tax Account Number. Enter the sum of columns A-G in column H and on Part B, line 13.

**Line 3. Net Taxable Premiums.** Subtract line 2 from line 1 for columns A-G. Enter the sum of columns A-G in column H and on Part B, line 14.

**Line 4. Tax Rate - State of Incorporation.** Enter the tax rate of your state of incorporation (or province of Canada) for each insurance listed in columns A-G.

**Line 5. Annual Tax Due.** Multiply line 3 by line 4 for columns A-G. For each column, enter the greater of the product of lines 3 and 4 or the minimum tax your state of incorporation (or province of Canada) would impose on the business reported in that column. In calculating the minimum tax, do not include fees imposed by your state of incorporation (or province of Canada). Enter the sum of columns A-G in column H and on Part B, line 15.



\*1634001\*

MRS Insurance Premiums Tax Account Number <input type="text"/>	NAIC ID Number <input type="text"/>	Period Covered <b>January 1 - December 31, 2017</b>	Due Date <b>March 15, 2018</b>
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<input type="text"/> Business Name (Line 1)	CHECK ALL THAT APPLY: <input type="checkbox"/> Initial return <input type="checkbox"/> Amended return <input type="checkbox"/> Final return <input type="checkbox"/> Risk retention group <input type="checkbox"/> Domiciled in Maine <input type="checkbox"/> Change of name/address
<input type="text"/> Business Name (Line 2)	
<input type="text"/> Street Address and/or Post Office Box	
<input type="text"/> City <input type="text"/> State <input type="text"/> ZIP Code	
<input type="text"/>	

Enter total assets reported on annual statement:  .00

**Part A – Maine Tax Computation**

**Premiums:**

1a. Accident and Health Premiums .....	1a.	<input type="text"/>	.00
1b. Life Premiums.....	1b.	<input type="text"/>	.00
1c. Property and Casualty Premiums (other than Workers' Compensation Premiums).....	1c.	<input type="text"/>	.00
1d. Workers' Compensation Premiums .....	1d.	<input type="text"/>	.00
1e. Title Insurance Premiums .....	1e.	<input type="text"/>	.00
1f. Annuity Considerations received this tax year (See Instructions) .....	1f.	<input type="text"/>	.00
1g. Annuity Considerations received prior to January 1, 1999 taxable this year (See Instructions).....	1g.	<input type="text"/>	.00
1h. Other Premiums .....	1h.	<input type="text"/>	.00
1i. <b>Total Premiums</b> (Add lines 1a through 1h).....	1i.	<input type="text"/>	.00

**Deductions from Schedule 1:**

2. Direct return premiums or deposits thereon (Schedule 1, line 1, column H) .....	2.	<input type="text"/>	.00
3. Dividends paid, credited or allowed on direct premiums (Schedule 1, line 2, column H).....	3.	<input type="text"/>	.00
4. Premiums exempt under qualified pension plans (Schedule 1, line 3, column H).....	4.	<input type="text"/>	.00
5. Other Deductions (Schedule 1, line 4, column H) .....	5.	<input type="text"/>	.00
6. <b>Total Deductions</b> (Add lines 2, 3, 4 and 5. Total should equal Schedule 1, line 5, column H).....	6.	<input type="text"/>	.00

MAINE REVENUE SERVICES  
INSURANCE PREMIUMS TAX RETURN



\*1634002\*

MRS Insurance Premiums Tax Account Number

**Tax:**

7. Total net taxable premiums (Part A, line 1i minus line 6) .....	7.							
8. Net premiums on qualified group disability policies written by large domestic insurer taxable at 2.55% .....	8a.		X 2.55% = .....	8b.				.00
9. Net premiums on qualified group disability & certified long-term care policies taxable at 1% .....	9a.		X 1.00% = .....	9b.				.00
10. Net premiums taxable at 2% (Line 7 less lines 8a and 9a) .....	10a.		X 2.00% = ...	10b.				.00
11. Total Tax (Total of lines 8b, 9b, and 10b. Cannot be less than zero.) .....	11.							.00

**Part B – Retaliatory Tax Computation from Schedule 2**

Enter the United States Postal Service two letter state abbreviation for your state of incorporation:

12. Gross Premiums (Schedule 2, line 1, column H) .....	12.							.00
13. Allowable Deductions (Schedule 2, line 2, column H) .....	13.							.00
14. Net Taxable Premiums (Schedule 2, line 3, column H) .....	14.							.00
15. Premium Tax on basis of state of incorporation (Schedule 2, line 5, column H) .....	15.							.00

**Part C – Tax Due**

16. Enter the greater of Part A, line 11 or Part B, line 15 .....	16.							.00
17. Nonrefundable Tax Credits (Attach schedule - see instructions) .....	17.							.00
18. Net Tax (line 16 minus line 17) .....	18.							.00
19. Refundable Tax Credits (Attach schedule - see instructions) .....	19.							.00
20. Estimated Payments .....	20.							.00
21. Balance Due (if line 18 is greater than the sum of lines 19 and 20, enter the difference) .....	21.							.00

**Note: Certain taxpayers with large annual tax liabilities are required to remit tax payments electronically. See MRS Rule 102 on the MRS website at [www.maine.gov/revenue](http://www.maine.gov/revenue) (select Laws & Rules) for details.**

22. Overpayment (if the sum of lines 19 and 20 is greater than line 18, enter the difference) .....	22.							.00
23a. Portion of overpayment on line 22 to be APPLIED to next year's ESTIMATED tax .....	23a.							.00
23b. Portion of overpayment on line 22 to be REFUNDED .....	23b.							.00



\*1634003\*

MRS Insurance Premiums Tax Account Number [Redacted]

### 2018 Estimated Tax

The 2018 tax payments must be made on an estimated basis. The April and June installments must each equal at least 35% of the total tax liability for 2017 or 35% of the total tax liability for 2018. The October installment must equal 15% of the total tax liability for 2017 or 15% of the total tax liability for 2018. See Form INS-1 for details. (36 M.R.S. § 2521-A).

### Affidavit and Signature

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

Date [Redacted] Signature [Redacted] Title [Redacted]

Must be signed by the President, Treasurer, Secretary, Chief Accounting Officer or Attorney-in-fact of a Reciprocal Insurer.

Contact Person [Redacted] Phone # [Redacted]

Date [Redacted] Preparer's Signature [Redacted] Preparer's ID Number [Redacted]

**Important: Your return must include required attachments. See page 3 of the instructions for more information.**



**If enclosing a check, make check payable to:**  
Treasurer, State of Maine  
**and MAIL WITH RETURN TO:**  
MAINE REVENUE SERVICES  
P.O. BOX 1065  
AUGUSTA, ME 04332-1065

**If not enclosing a check,**  
**MAIL RETURN TO:**  
MAINE REVENUE SERVICES  
P.O. BOX 1064  
AUGUSTA, ME 04332-1064

**SCHEDULE 1  
DEDUCTIONS BY PREMIUM TYPE**

**For Part A, lines 2 - 6**

MRS Insurance  
Premiums Tax

Taxpayer Name \_\_\_\_\_ Account Number \_\_\_\_\_ Tax Year **2017**

	<b>Column A</b> Accident & Health	<b>Column B</b> Life	<b>Column C</b> Front End Annuity Considerations	<b>Column D</b> Property & Casualty (Exclude Title & Workers Comp)	<b>Column E</b> Title	<b>Column F</b> Workers Comp	<b>Column G</b> Other	<b>Column H</b> Totals
1. Direct Return Premiums								
2. *Dividends Paid								
3. *Qualified Pension Plans								
4. *Other Deductions								
5. Totals								

\*Lines 2 through 4 do not apply to Risk Retention Groups.

Enter line 1, column H amount on Form INS-4, line 2.  
 Enter line 2, column H amount on Form INS-4, line 3.  
 Enter line 3, column H amount on Form INS-4, line 4.  
 Enter line 4, column H amount on Form INS-4, line 5. Attach documentation to support amount claimed.

**SCHEDULE 2  
RETALIATORY TAX**

**For Part B, Lines 12-15**

**Note:** This schedule must be completed by all insurers not incorporated in Maine. All amounts must be in U.S. dollars.

	<b>Column A</b> Accident & Health	<b>Column B</b> Life	<b>Column C</b> Annuity	<b>Column D</b> Property & Casualty (Excludes Title & Workers' Comp)	<b>Column E</b> Title	<b>Column F</b> Workers' Comp	<b>Column G</b> Other	<b>Column H</b> Totals
1. Gross Premiums								
2. Allowable Deductions								
3. Net Taxable Premiums								
4. Tax Rate - State of Incorporation								
5. * Annual Tax Due								

\*If minimum tax applies, enter minimum tax. Do not include fees. (See Schedule 2 Instructions)

Enter line 1, column H amount on Form INS-4, line 12.  
 Enter line 2, column H amount on Form INS-4, line 13. Attach documentation to support amount claimed.  
 Enter line 3, column H amount on Form INS-4, line 14.  
 Enter line 5, column H amount on Form INS-4, line 15.