

Instructions for Completing the Texas Annual Insurance Tax Report

(Independently Procured Insurance)

When to File

The report and payment are due once a year, on or before May 15, following the calendar year in which the insurance was procured, continued or renewed.

General Instructions

- If any preprinted information is not correct, mark out the item and write in the correct information.
- Complete the Texas Annual Insurance Tax Report - Supplement (Form 25-122).
- Item c. Taxpayer Number: If the insured files a report for other taxes administered by this agency, please enter that 11-digit number in this box. If a taxpayer number has not been established for the insured by this agency and the insured is an individual, enter the insured's Social Security number in Item c. Other entities should enter the Federal Employer Identification Number (FEIN) assigned to their organization.

FEDERAL PRIVACY ACT. Disclosure of your Social Security number is required and authorized under law for the purpose of tax administration and identification of any individual affected by applicable law [42 U.S.C., Section 405(c)(2)(C)(i); Texas Government Code, sections 403.011, 403.015, and 403.078]. Release of information on this form in response to a public information request will be governed by the Public Information Act, Chapter 552, Government Code.

Exemptions and Preemptions

See Publication 94-142, "Surplus Lines Tax Exemptions/Preemptions," at www.comptroller.texas.gov/taxes/publications/94-142.pdf.

Exempt premiums are premiums for an independently procured insurance policy that covers risks or exposures that are properly allocated to federal waters, international waters or risks or exposures that are under the jurisdiction of a foreign government.

This tax does not apply to an individual life or individual disability policy.

Federal preemptions to state taxation for independently procured insurance include premiums for policies that are issued to the following entities:

- the Federal Deposit Insurance Corporation (FDIC), when it acts as the receiver of a failed financial institution that holds the property being insured;
- the National Credit Union Administration;
- a federally chartered credit union; and
- Indian Tribal Nations



Electronic reporting and payment options are available 24 hours a day, 7 days a week. Have this form available when you log on.

www.comptroller.texas.gov/taxes/file-pay/

The home state is defined by the NRRRA as:

- (A) IN GENERAL. - Except as provided in subparagraph (B), the term "home state" means, with respect to an insured
- (i) the state in which an insured maintains its principal place of business or, in the case of an individual, the individual's principal residence; or
 - (ii) if 100% of the insured risk is located out of the state referred to in clause (i), the state to which the greatest percentage of the insured's taxable premium for that insurance contract is allocated.
- (B) AFFILIATED GROUPS. - If more than one insured from an affiliated group are named insureds on a single nonadmitted insurance contract, the term "home state" means the home state, as determined pursuant to subparagraph (A), of the member of the affiliated group that has the largest percentage of premium attributed to it under such insurance contract.

Specific Instructions

Item 1 - Determining Texas Premiums: For new or renewal policies procured directly from a nonadmitted insurer that were effective on or after July 21, 2011, when Texas is the home state of the insured:

- 100% of the tax is due Texas on a policy that covers risks in Texas only.
- 100% of the tax is due Texas on a policy that covers risks in more than one state.
- If Texas is the home state of the insured but the policy covers risks that are 100% located outside of Texas, then the state to which the greatest percentage of the premium is allocated becomes the home state. The policy would then be subject to regulation and taxation by that home state and not by the state of Texas.

Endorsements and audits on independently procured policies are subject to the laws that apply to the original policy; however, they should be reported for the tax year in which the endorsement or audit

occurs. Using the original policy's effective date may result in the application of penalty and/or interest for late filing. The tax for endorsements and audits that generate return premiums due a policyholder must be calculated using the same tax rate that was originally charged.

Item 4 - Penalty and Interest: If tax is paid 1-30 days late, enter 5% of the amount in Item 3. If tax is paid 31-60 days late, enter 10% of the amount in Item 3. If tax is paid more than 60 days late, enter 10% penalty PLUS interest on the amount in Item 3. Calculate interest at the rate published online at www.comptroller.texas.gov/taxes/file-pay/interest.php or call the Comptroller's office at 1-877-447-2834 for the applicable interest rate.

Item 5 - Total Amount Due and Payable: The total amount due and payable can be paid by the insured or by another party designated by the insured.