SOUTH CAROLINA DEPARTMENT OF INSURANCE

2012 INSTRUCTIONS

COUNTY MUTUAL TAX RETURNS

READ CAREFULLY – IMPORTANT INFORMATION

These instructions are provided to assist you in completing your online tax return.

1. Round premiums to the nearest dollar.

2. Submit one check only per company payable to the South Carolina Department of Insurance.

3. Annual tax returns are due in this Department on or before March 1, 2013. **Tax returns received by this Department without all supporting documents may be subject to penalties.**

Compliance with South Carolina Department of Insurance requirements is the Company's responsibility. **Failure to comply could result in an administrative fine of up to $30,000. Your attention is directed to S.C. Code Ann. §§ 38-2-10 and 38-5-130.**

Schedule 01 - South Carolina Taxes and Obligations (All Insurers)

1. **License fees will not be collected March 1, 2013.**

2. The figure in Line 0199 is the amount you should remit for payment. If the total amount of taxes due is negative, a refund will be issued. **Do not apply to next quarter.**

3. Acceptable payments are by electronic (ACH) check, credit card or paper checks. If your tax liability is $99,999.00 or greater, you cannot pay by credit card. Please remit a copy of the printed invoice page if paying by paper check. The invoice amount and the check amount must agree, if not your payment will be rejected. If paying by electronic (ACH) check or credit card, click Proceed to Payment on the invoice page and follow the instructions.

Schedule 02 - Computation of Retaliatory Taxes (Foreign Insurers Only - not applicable to County Mutuals)

South Carolina law requires that retaliatory taxes for foreign insurers be calculated by the use of an aggregate approach instead of an item-by-item approach. The aggregate requirements imposed by the foreign state for the privilege of doing business therein, including taxes levied under local ordinances, are compared with the aggregate requirements imposed in South Carolina for the privilege of doing business here, including taxes levied under local ordinances.

A separate worksheet must be furnished showing home state rates, premium figures, and calculations. This worksheet is part of the Required Documentation and if it is not furnished, the Company may be subject to disciplinary action for failure to follow instructions.

Line 0209 – Municipal License Fees

A copy of the Municipal Association's correspondence and copy of check made payable to the MASC must be uploaded.

Line 0210 - Second Injury Fund

A copy of the Assessment Certificate must be uploaded.

Schedule 03 - Biennial Fixed License Fee

1. Biennial License Fees will not be collected on March 1, 2013.
2. Insurers must enter the number of counties in which they are operating on Schedule 03. The Biennial Fixed License Fee is as follows: Operating in more than four counties – fee is $400.00 for each line of authority; Operating in no more than three counties – fee is $100.00; Operating in a single county – fee is $40.00.

Schedule 04 - Exhibit of Premiums and Dividends (To Nearest Dollar)

1. **Review this Schedule carefully to ensure proper reporting of premiums.**

2. Use whole dollars – no cents.

3. Indicate negative premiums by placing a negative sign immediately before the premium amount. i.e. -1,000.

4. Mobile Home Premiums should be reported as follows:

   1. Premium for coverage on mobile homes at fixed locations should be reported as Homeowners Multiple Peril and Farmowners Multiple Peril as applicable.

   2. Premium for coverage on mobile homes in transit should be reported as Inland Marine.

   3. Premium for coverage on motor homes, travel trailers, etc. should be reported as Private Passenger Auto Physical Damage and Private Passenger Auto Liability as applicable.

Schedule 05 - Insurance Premium Taxes (To Nearest Dollar)

1. The system will calculate tax amounts based upon information entered into Schedule 04.

Schedule 06 - Insurance Premium Tax Credits Allowable - Attach Assessment Certificates

1. **South Carolina Life & Health Guaranty Association Tax Credit.** A 20% tax credit of the total guaranty assessment amount is allowed. This credit may not reduce the member's tax liability below zero. Any unused credit is lost and cannot be carried forward. **A copy of each Assessment Certificate must be uploaded to receive credit. Copies must be legible.**

2. **South Carolina Health Insurance Pool Tax Credit.** This credit may not reduce the member's tax liability below zero. The credit should be applied to the tax year in which it was paid. Any unused credit may be carried forward three years after the date of payment. **A copy of each Assessment Certificate must be uploaded to receive credit. Copies must be legible.**

Act 231 of 1996 allowed certain tax credits for insurers to spur economic growth and development in certain areas of South Carolina. Most of these credits correspond with credits to tax liabilities offered in Chapter 6 of Title 12 of the South Carolina Code. These credits should be reported in Schedule 06 on the South Carolina Premium Tax Return. Credits cannot reduce the company's tax liability below zero. Refer to www.sctax.org, Forms and Instructions, Current Forms and Instructions, Corporate Tax Return and then Tax Credits for explanation of credits and forms. Appropriate schedules should be uploaded.

Refer to Bulletin 2008-17 for information on the Coastal Premium Tax Credit. The worksheets are attached to the Bulletin. The worksheets must be uploaded.

Schedule 07 - Fire Inspection Tax, Fire Department Tax, and Fire Maintenance Tax

1. The system will calculate tax amounts based upon information entered into Schedule 04.

Schedule 08 - Distribution of Net Fire Premiums (To Nearest Dollar)

1. Use whole dollar amounts.
2. Insurers will have the option to upload an **Excel spreadsheet in the Department's format** with county amounts which will be automatically uploaded into this schedule.

Please Note: Schedule 08 Distribution of Net Fire Premiums. If the county distributions vary 10% from the previous year, whether an increase or decrease, a written explanation must be uploaded, as Required Documentation, with the tax return.

Refer any questions on premium taxes to Gloria Akram gakram@doi.sc.gov or 803-737-6136 or to Angela Davis adavis@doi.sc.gov or 803-737-6279 Sharon Waddell swaddell@doi.sc.gov or 803-737-4910