General Information for RCT-121B

NEW FOR 2012

- RCT-121B has been redesigned and is no longer year-specific.
- Line-by-line instructions for RCT-121B are now available.
- RCT-121B is available as a fill-in form on the department's website at **www.revenue.state.pa.us**.
- **Revenue ID**: For the 2012 tax year, a corporation's Revenue ID is its seven-digit PA Tax Account ID OR a new, unique, 10-digit number assigned by the department to a taxpayer, separate from any federally issued identification number(s) or Pennsylvania license number(s).

  As the department transitions to an integrated tax system, a 10-digit Revenue ID number will be assigned and communicated to each taxpayer. A corporation's PA Tax Account ID will continue to be accepted by the department on tax forms and schedules, but upon assignment of a 10-digit Revenue ID to a taxpayer, the department will begin using the 10-digit Revenue ID on outbound correspondence in lieu of referencing the Tax Account ID.

REMINDER

- REV-1175, Schedule AR, (explanation for amending) must be included when filing an amended report.
- One estimated payment coupon (REV-423) and one extension coupon (REV-426) will be used for all specialty taxes. The coupons and the tax report (RCT-121B) will no longer be mailed. They are available as fill-in documents on the department's website at **www.revenue.state.pa.us**. The coupons can be filed electronically through e-TIDES at **www.etides.state.pa.us**. However, electronic filing of the tax report is not available. The report should be completed using the computer-based fill-in form, printed and submitted by mail to the department. The form can be saved electronically for your records.

Annual Report Checklist: Make sure you include the following to file your annual report properly and completely:

- Complete RCT-121B, Gross Premiums Tax Report for Foreign Life or Foreign Title Insurance Companies
- Copy of the Pennsylvania Business Page
- Copy of Schedule T from the annual report
- Provide a copy of the domicile state's tax report substituting Pennsylvania values for domicile state's values. Please indicate the report as a "Pro-Forma Report with PA Values."
- Corporate officer's signature on Page 1 and preparer's signature and PTIN on Page 2 (if applicable)

All tax calculations must be shown in **whole dollar** amounts. An amount less than 50 cents will be eliminated, and an amount of 50 cents or more will be rounded to the next dollar.

Imposition, Base and Rate

Gross premiums tax is imposed on insurance companies at a rate of 2 percent of gross premiums received from business conducted in Pennsylvania. For more information, see the Act of March 4, 1971 (P.L. 6, No.2).

Extraordinary medical benefit premiums for coverage under 75 Pa.C.S. § 1715(a)(1.1) are not subject to the tax (See 75 Pa.C.S. § 1798.1(c)).

The following may be deducted from taxable premiums:

- Amounts returned on policies cancelled or not taken
- Premiums received for reinsurance
- The portion of advanced premiums, premium deposits or assessments returned in cash or credited to members or policyholders upon the expiration or termination of their contracts (in the case of mutual insurance companies, associations, exchanges and stock companies with participating features)
- Notes and other obligations received by mutual insurance companies to secure contingent premium liabilities to the extent that no assessment has been made and collected against the notes or obligations.

Companies exempt from the tax include title insurance companies subject to the title insurance and trust companies shares tax; purely mutual beneficial associations whose funds for the benefit of members and families or heirs are made up entirely of the contributions from their members and the accumulated interest on those contributions; corporations organized under the Nonprofit Hospital Plan Act of 1937 (Act of June 21, 1937, (P.L. 1948, No.378); and corporations organized under the Nonprofit Medical, Osteopathic, Dental and Podiatry Service Corporation Act of 1939 (Act of June 27, 1939, (P.L. 1125, No.399) Act of 1937 (Act of June 21, 1937, (P.L. 1948, No. 378)); and corporations organized under the Nonprofit Medical, Osteopathic, Dental and Podiatry Service Corporation Act of 1939 (Act of June 27, 1939, (P.L. 1125, No.399).

Revenue ID, Federal Employer Identification Number (FEIN), Parent Corporation FEIN, Name and Address

The Revenue ID number, FEIN, name and complete mailing address must be provided. If the taxpayer is a subsidiary of a corporation, the parent corporation's FEIN must be provided. Also provide the telephone number and email address of the taxpayer.

Tax Year

Enter month, day and year (MM DD YYYY) for the tax year beginning and enter year (YY) for the tax year end.

Report Due Date

This report is due April 15 for the preceding year ended Dec. 31. If April 15 falls on a Saturday, Sunday or holiday, the report is due the next business day. A penalty for late filing will be imposed as follows and assessed at the time of filing: 10 percent of the first $1,000 of tax liability, 5 percent of the next $4,000 of tax liability and 1 percent on any tax liability in excess of $5,000.

Address Change

Enter "Y" in the block on Page 1 if the address of the corporation has changed from prior tax periods. The current mailing address should be reflected on the report.

Correspondence to Preparer

Enter "Y" in the block on Page 1 if all correspondence (notices and requests for additional information) is to be sent to the preparer's address. If "Y" is entered, the address recorded on Page 2 will be used.

Amended Report

Enter "Y" in the block on Page 1 if you are filing an amended report to add, delete or adjust information. Provide documentation to support all changes being made. An amended report should only be filed if an original report was filed previously for the same period.

An amended report must be filed within three years of the filed date of the original report. The department may adjust the tax originally reported based on information from the amended report. The taxpayer must consent to extend the assessment period. If the amended report is timely filed and the taxpayer consented to extend the assessment period, the time period in which to assess tax will be the greater of three years from the filed date of the original report or one year from the filed date of the amended report.

When filing an amended report, record the amended tax liability on Page 1, Lines 1a & b or Lines 1c & d. REV-1175, Schedule AR, must be included when filing an amended report.

First Report

Enter "Y" in the block on Page 1 if this is the taxpayer's first PA gross premiums tax filing.

Electronic Payment

Enter "Y" in the block on Page 1 if the taxpayer has made any electronic payments using e-TIDES.

KOZ/EIP Credit

Enter "Y" in the block on Page 1 if the corporate taxpayer is claiming the Keystone Opportunity Zone Credit, the Keystone Opportunity Expansion Zone Credit or the Employment Incentive Payment Credit. For these and all other restricted credits, complete Line 4 on Page 1.

The following credits are available against gross premiums tax:

- Neighborhood Assistance Program Tax Credit
- Educational Improvement Tax Credit
- Employment Incentive Payment Credit
  - Employment incentive payment credits are not posted to the account prior to assessment, therefore the account review statement will reflect a debit balance until the credit is approved. Schedule W must be attached to claim this credit. Check the appropriate box if the corporate taxpayer is claiming the employment incentive payment credit.
- PA Life and Health Insurance Guaranty Association Credit
  - To claim a credit for a PA Life and Health Insurance Guaranty Association assessment, submit a copy of the assessment invoice certificate of contribution for the first year the credit is claimed. Submit all pages. Include a copy of the Pennsylvania Business Page, Schedule T for the year immediately preceding the year of the assessment and a schedule of all credits claimed for each type of assessment (i.e. life insurance, accident and health insurance annuity). Note, this credit is only allowed for policies that guarantee premium rates without increase.
- PA Property and Casualty Insurance Guaranty Association (PIGA) Credit
- Research Enhancement and Protection Tax Credit

Retaliatory Information Schedule

Retaliatory fees are imposed on foreign insurance companies under Section 212 of the Insurance Company Law of 1921 (P.L. 682, No. 284). Such fees are reported and remitted to the Department of Revenue.

Foreign insurance companies must complete the Retaliatory Information Schedule on Page 3 of RCT-121B, furnishing sufficient detail to enable the Department of Revenue to calculate the retaliatory fee. For each premiums-based tax, show the tax rate and all items used in determining the taxable amount, including gross premiums, return premiums and dividends to policyholders. Include reinsurance assumed from unlicensed insurers if your state of domicile imposes a base tax on net direct premiums plus reinsurance assumed from unlicensed insurers.

Any retaliatory fee in excess of the amount submitted and due with the filing of the report is due when the debtor receives a copy of the assessment. If your state of incorporation imposes a franchise or income tax, submit a copy of the tax report as filed in your state, along with a copy of the tax report on which Pennsylvania totals are substituted for your state totals. Please submit this information to Pennsylvania within 30 days of filing in your state.

Payment for renewal of certificate of authority and filing fees should be made using a separate check only after a bill is received from the Pennsylvania Insurance Department.

Include with the Retaliatory Information Schedule, a copy of the Pennsylvania Business Page, Schedule T filed with the Pennsylvania Insurance Department and all supporting documentation.

Last Report

- Enter "Y" in the block on Page 1 if this report will be the last report filed with the department. Indicate the effective date of the event as MM DD YYYY.
- Include information from the Pennsylvania Insurance Department verifying the taxpayer's insurance license expired, was cancelled or not renewed.
- Include a copy of the regulatory authority's approval of the merger, dissolution, plan of reorganization and/or articles of merger.
- Provide the Revenue ID number and FEIN of the surviving entity, if applicable.

Corporate Officer Information

A corporate officer must sign and date the tax report. The signature must be original; photocopies or faxes will not be accepted. Print the first and last name, title, Social Security number, telephone number and email address of the corporate officer.

Preparer's Information

Paid preparers must sign and date the tax report. If the preparer works for a firm, provide the name, FEIN and address of the firm along with the name, telephone number, email address and PTIN/SSN of the individual preparing the report. If the preparer is an individual without any association to a firm, provide the name, address, telephone number, email address and PTIN/SSN of the individual preparing the report.

Estimated Payment Instructions

All accounts are expected to remit estimated prepayments toward the final liability a corporation estimates is due for the taxable year. Prepayment for gross premiums tax is due March 15 of the reported year. Tax remaining due at the close of the taxable year must be paid on or before April 15 of the following year.

Should a corporation realize estimated tax is underpaid, additional payments should be submitted to minimize underpayment penalty. Underpayment is measured against 90 percent of the tax reported due for the taxable year. However, if the final total tax increases the self-reported tax by 10 percent or more, the underpayment will be measured against 90 percent of the final total tax. The period of underpayment is measured from the due date of the installment to the date the underpayment is paid or the date the safe harbor is satisfied. A corporation may avoid interest charges by timely paying estimated tax equal to the liability in the second-prior taxable year (safe harbor). This amount must be adjusted to reflect the tax rate and law for the estimated tax year and must reflect the total liability if it exceeds the self-reported liability by 10 percent or more. Where the second-prior year is a short period, the safe harbor is annualized. Second year corporations may use the immediate prior year (annualized if necessary) as the base year for the safe harbor. Mail the estimated payment coupon (REV-423) separately from all other forms.

If you have questions regarding estimated payments, call the Accounting Division at 717-705-6225 (Option 5, then Option 1 or 3).

Extension Request Due Date

To request a due date extension of up to 60 days to file the annual report, you must file an extension request (REV-426) by the original report due date. However, an extension of time to file does not extend the deadline for payment of tax and an extension request must be accompanied by payment of taxes owed for the taxable year for which the extension is requested. Mail the extension coupon separately from all other forms. A taxpayer using an electronic method to make a payment with an extension request should not submit the extension coupon. Do not use the extension coupon to remit other unpaid liabilities or commonwealth obligations within the account.

Payment and Mailing Information

Remittance should include tax plus interest and penalty, if applicable. Penalty and interest calculators can be found at **www.revenue.state.pa.us**. Payments of $10,000 or more must be remitted electronically. For more information on electronic filing options, visit **www.etides.state.pa.us**. Payments under $10,000 may be remitted by mail, made payable to the PA Department of Revenue.

Mail payments, extension requests and Tax Report, RCT-121B, to the following address:

PA DEPARTMENT OF REVENUE
PO BOX 280407
HARRISBURG, PA 17128-0407

Current Period Overpayment

If an overpayment exists on Page 1 of RCT-121B, the taxpayer must instruct the department to refund or transfer overpayment as indicated below.

Refund: Identify the amount to refund from the current tax period overpayment. Prior to any refund, the department will offset current period liabilities and other unpaid liabilities or commonwealth obligations within the account.

Transfer: Identify the amount to transfer from the current tax period overpayment to the next tax period for estimated tax purposes. Prior to any transfer, the department will offset current period liabilities and other unpaid liabilities or commonwealth obligations within the account.

NOTE: If no option is selected, the department will automatically transfer any overpayment to the next tax year for estimated tax purposes after offsetting current period liabilities and other unpaid liabilities or commonwealth obligations within the account.

Requests for Refund or Transfer of Available Credit

Requests for refund or transfer of available credit from prior periods can be faxed on company letterhead, signed by an authorized representative, to 717-705-6227.

Requests can also be submitted in writing to the following address:

PA DEPARTMENT OF REVENUE
PO BOX 280701
HARRISBURG, PA 17128-0701

Please do not duplicate requests for refund and/or transfer by submitting both RCT-121B and written correspondence.

CONTACT INFORMATION

- To make payments and file extensions electronically, visit e-TIDES at **www.etides.state.pa.us**. For additional information and assistance with electronic payments and extensions, call 717-705-6225 (Option 5, then Option 2).
- To confirm account payments, call 1-888-PATAXES (1-888-728-2937).
- If you have questions regarding payments or refunds, call the Accounting Division at 717-705-6225 (Option 5, then Option 1 or 3).
- Requests for transfer of credit may be faxed to the Accounting Division at 717-705-6227.
- If you have questions regarding extensions, call the Extension Unit at 717-787-2632. Requests can be faxed to 717-346-1958.
- If you have questions regarding tax settlements, assessments, tax determinations or filing requirements, call the Specialty Tax Unit at 717-783-6031 (Option 7, then Option 2).
- If you have general business tax questions, call 717-787-1064.

RCT-121B should be completed in the following order:

Step 1 - Complete the taxpayer information and any applicable questions at the top of Page 1.

Step 2 - Indicate the type of insurance company on Page 1, Foreign Life or Foreign Title. This is based on the company's original registration with the Pennsylvania Insurance Department. This information is required.

Step 3 - Enter the Revenue ID number and other taxpayer information in the designated fields at the top of each page.

Step 4 - Complete Page 2, Lines 1 through 15.

Step 5 - Complete Page 3, Retaliatory Worksheet.

Step 6 - Complete Page 2, Lines 16 through 18.

Step 7 - Complete Page 1, Tax Liability, Payment and Overpayment section.

Step 8 - Complete the corporate officer information section, sign and date at the bottom of Page 1.

Step 9 - Complete the preparer information section, sign and date at the bottom of Page 2, if applicable.

Step 10 - Mail the completed report and any supporting schedules to the PA Department of Revenue.

Page 2 - Calculation of Taxable Premiums:

Foreign title insurers will use Lines 1 through 5.
Foreign life insurers will use Lines 6 through 13.

Title Insurance
Line 1 - Direct Premiums
Enter the gross direct premiums received less cancellations and returned premiums from the Pennsylvania business page.

OR

Line 2 - Approved Attorney Fees:
Calculation of Title Insurance Company Gross Premiums
Note: The approved attorney fee schedule will be provided by the Pennsylvania Insurance Department.

A. Use the following definitions when referring to this section:

   Excess Fee – The difference between the all-inclusive fee for the total transaction and the all-inclusive fee for the maximum coverage specified in the approved attorney fee schedule.

B. Gross premiums for all title insurance companies subject to gross premiums tax must be calculated using the approved attorney fee schedule provided by the Pennsylvania Insurance Department. If a title insurance policy is issued under the all-inclusive fee schedule approved by the Pennsylvania Insurance Department, the taxable gross premium shall be that portion of the all-inclusive fee that is equivalent to the fee that would be charged under the approved attorney fee schedule for the same policy coverage.

C. The taxable premium for policies that are written in excess of the maximum liability coverage amount specified in the approved attorney fee schedule must be calculated as follows:

   a. If the title insurance policy is written under the approved attorney system, the taxable premium is the entire fee.

   b. If the title insurance policy is written under the all-inclusive system, the taxable premium is the sum of:

      i. The approved attorney fee for the maximum liability coverage specified in the approved attorney fee schedule (must be attached) and;

      ii. The excess fee.

D. A title insurance company must calculate the amount of its taxable premiums on the basis of the number of policies and the total liability covered by such policies within the liability ranges as prescribed in the approved attorney fee schedule then in effect. A title insurance company must submit a schedule setting out the relevant data by policy coverage ranges and calculating the taxable gross premiums as indicated. This schedule must be attached to the title insurance company's gross premiums tax report.

Line 3 - Dividends to Policy Holders
Enter zero; title companies do not have dividends.

Line 4 - Other deductions (Not applicable)

Line 5 - Taxable Title Premiums
Enter the difference of Line 1 or Line 2 minus Lines 3 and 4.

Life Insurance
Line 6 - Gross Life Premiums (Direct Written Basis)
Enter the total life premiums from the Pennsylvania business page.

Line 7 - Enter the dividends to policy holders from the Pennsylvania business page.

Line 8 - Enter any other deductions. A schedule detailing all other deductions must be provided.

Line 9 - Taxable Life Premiums
Enter the difference of Line 6 minus Lines 7 and 8.

Accident and Health Insurance
Line 10 - Gross Direct Accident and Health Premiums
Enter the total accident and health premiums from the Pennsylvania business page.

Line 11 - Enter the dividends to policy holders from the Pennsylvania business page.

Line 12 - Enter any other deductions. A schedule detailing all other deductions must be provided.

Line 13 - Taxable Accident and Health Premiums
Enter the difference of Line 10 minus Lines 11 and 12.

Line 14 - Total Taxable Premiums
Enter the sum of Lines 5, 9 and 13.

Line 15 - Tax
Multiply Line 14 by 0.02. Carry the tax to RCT-121B Page 1, Line 1a or 1c (This is based on the company's original registration with the PA Insurance Department).

Page 3- Retaliatory Worksheet

Line 1 - Fire Casualty & Title Premiums Tax
1a. Enter the Pennsylvania tax (PA taxable premiums times PA tax rate).
1b. Enter the domicile state tax (PA taxable premiums times domicile state tax rate).

Line 2 - Ocean Marine Gross Profit Tax
2a. Enter the Pennsylvania ocean marine tax per the RCT-124 tax report.
2b. Enter the domicile state ocean marine tax, if applicable.

Line 3 - Life Premiums Tax
3a. Enter the Pennsylvania tax (PA taxable premiums times PA tax rate).
3b. Enter the domicile state tax (PA taxable premiums times domicile state tax rate).

Line 4 - Annuities Tax
Note: Annuities are not taxed nor are they a retaliatory item.

Line 5 - Accident and Health Premiums Tax
5a. Enter the Pennsylvania tax (PA taxable premiums times PA tax rate).
5b. Enter the domicile state tax (PA taxable premiums times domicile state tax rate).

Line 6 - Reinsurance Assumed from Unauthorized Companies
6a. Enter the Pennsylvania figure.
6b. Enter the domicile state figure.

Line 7 - Other Taxes (Include schedule of itemized taxes by type and amount for PA and domicile state.)
7a. Enter the total of other Pennsylvania taxes.
7b. Enter the total of other domicile state taxes.

Line 8 - Worker's Compensation Assessments (Include schedule of itemized assessments by type and amount for domicile state.)
8a. Note: Pennsylvania worker's compensation assessments are not a retaliatory item.
8b. Enter the domicile state assessments.

Line 9 - Other Assessments (Include schedule of itemized assessments by type and amount for PA and domicile state.)
9a. Enter the total of other Pennsylvania assessments.
9b. Enter the total of other domicile state assessments.

Line 10 - Licenses and Fees on an Annual Basis (Include schedule of itemized licenses and fees by type and amount for PA and domicile state.)
10a. Enter the Pennsylvania licenses and fees.
10b. Enter the domicile state licenses and fees.

Line 11 - Totals
11a. Enter the sum of Lines 1a through 10a.
11b. Enter the sum of Lines 1b through 10b.

Line 12 - Retaliatory Payable to the Pennsylvania Department of Revenue
Enter the difference of Line 11b minus Line 11a. If it is a negative number enter zero. Carry the figure to Page 2, Line 16 and to RCT-121B Page 1, Line 1b or 1d (This is based on the company's original registration with the PA Insurance Department).

Line 13 - Enter the number of agents that are licensed to represent your company in Pennsylvania during the tax year.

Line 14 - Enter the state fees for licensing agents of similar Pennsylvania insurers.

Line 15 - Fees Imposed
Enter A if the fees are imposed on the company.
Enter B if the fees are imposed on the agent.

Page 2 - Retaliatory Fee and Other Information:

Line 16 - Retaliatory
Enter the figure from Page 3, Line 12.

Line 17 - Enter the company's state of domicile.

Line 18 - Enter the company's NAIC number.