

2016 Insurance Premium Tax Return for Property and Casualty Companies

Due March 1, 2017

Check if:  Amended Return

Name of Insurance Company, Mailing Address, City, Email Address, FEIN, NAIC Number, Contact Person, Fax Number, Type of Company, Type of Premiums, This Return Includes

Print or Type

Table with columns: Property, Casualty and Title Premiums; A - State of Incorporation Basis; B - Minnesota Basis. Rows 1-14 detailing premium amounts and deductions.

Figure Your Income

Deductions

Amount Due or Refund

Sign Here

If you owe additional tax: Payment method, Enter amount paid, Date paid, If you overpaid: Amount on line 14 to be credited to next year's estimated tax

I declare that this return is correct and complete to the best of my knowledge and belief. I confess judgment to the state of Minnesota for the amount of tax shown due to the extent not timely paid.

Authorized Signature, Title, Date, Daytime Phone, Signature of Preparer, Print Name of Preparer, Date, Daytime Phone, I authorize the Minnesota Department of Revenue to discuss this tax return with the preparer.

2016 Insurance Premium Tax Return for Property and Casualty Companies (continued)

A State of Incorporation Basis B Minnesota Basis

15 Net taxable business (enter amounts from line 11) 15
16 Premium tax percentage rate\* 16 % %\*
17 Premium tax liability (multiply line 15 by percentage on line 16) 17
18 Fire insurance tax liability (from M11AR, line 12. Attach M11AR) 18
19 Other taxes (itemize on a separate schedule) 19
20 Total premium tax liability (add lines 17, 18 and 19) 20
21 Licenses and fees (from M11B, line 10. Attach M11B) 21
22 Total taxes, licenses and fees (add lines 20 and 21) 22
23 Enter amount from line 22, Column A or B, whichever is greater 23
24 Total licenses and fees (from M11B, line 11. Attach M11B) 24
25 Subtract line 24 from line 23 (if zero or less, skip lines 26 and 27, and enter this amount on line 28) 25
26 Minnesota Guaranty Fund Association offset (see instructions) 26
27 Minnesota Joint Underwriting Association (JUA) assessment (see instructions) 27
28 Tax before refundable credits. If line 25 is zero or less, enter the amount from line 25. If line 25 is positive, subtract any amounts on lines 26 and 27 from line 25. (If result is less than zero, enter zero) 28
29 Credit for historic structure rehabilitation (must attach credit certificate) and enter NPS project number: 29
30 Tax liability (subtract line 29 from line 28) 30
31 a Prior year's overpayment 31a
b Estimated payment March 15 31b
c Estimated payment June 15 31c
d Estimated payment Sept. 15 31d
e Estimated payment Dec. 15 31e
Add lines 31a through 31e 31
32 Tax due (or overpaid) (subtract line 31 from line 30) 32
Enter on line 12 on page 1.

Figure Your Adjusted Liability

Determining Tax Due or Refund

\* Line 16 - Tax Rates for Minnesota Basis (check one)

- 1 percent for mutual property and casualty insurance companies with total assets of \$5 million or less at the end of the calendar year. Enter total assets at end of year: \$
1.26 percent for mutual insurance companies that sell both property and casualty insurance that had total assets greater than \$5 million at the end of the calendar year, but less than \$1.6 billion on Dec. 31, 1989.
2 percent for insurance companies not listed above.

## 2016 Insurance Premium Tax Return for Property and Casualty Companies

For insurance tax laws, see *Minnesota Statutes, Chapter 2971* at [www.leg.state.mn.us](http://www.leg.state.mn.us).

### Note:

If you were assessed and made a payment to the Joint Underwriting Association (JUA) in 2016, you may be able to claim a credit on line 27 of Form M11.

### Before You File

#### You Need a Minnesota Tax ID

Your Minnesota tax ID is the seven-digit number you're assigned when you register with the Department of Revenue. You must include your Minnesota tax ID on your return so that your filing and any payments you make are properly credited to your account.

If you do not have a Minnesota tax ID, apply online at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) or call 651-282-5225 or 1-800-657-3605.

It is also important to enter your federal ID number and NAIC number on your return, but not in place of your Minnesota tax ID number.

### Filing Requirements

All insurance companies licensed in Minnesota during the tax year must file a premium tax return even if they have not actually transacted insurance business in Minnesota during the tax year. Unlicensed insurance companies collecting premiums on Minnesota risks must also file a premium tax return. Insurers with a premium tax liability of more than \$500 must also make estimated tax payments.

Insurance companies are exempt from Minnesota corporation franchise tax. (*M.S. 290.05, subd. 1c*)

**Annual Financial Statements.** Insurance companies that do not file statements with the NAIC are required to file a copy of their statement with the Department of Revenue (9" x 14" version). If any premiums or deductions reported on Form M11 cannot be verified from the annual statement, you must attach documentation to your tax return substantiating the amounts.

### File Electronically

Options are available to electronically prepare and file this report. Electronic Filing is a secure, fast and easy way to file. For more information, go to our website [www.revenue.state.mn.us](http://www.revenue.state.mn.us).

### Which Form to File

Property, casualty and title insurance companies use Form M11 to file premium taxes, unless they are required to file Form M11L, M11H, or M11T (see below).

- Life and health insurance companies use Form M11L to file premium taxes.
- Health-care providers, such as nonprofit health-plan corporations, health-maintenance organizations or community integrated service networks use Form M11H.
- Minnesota township mutual insurance companies use Form M11T, a combined premium tax return and firetown premium report.

### Due Date

File your Form M11 with all required attachments and pay any tax due by March 1. Payment extensions are not allowed.

The U.S. postmark date, or date recorded or marked by a designated delivery service, is considered the filing date (private postage meter marks are not valid). When the due date falls on a Saturday, Sunday or legal holiday, returns and payments electronically made or postmarked the next business day are considered timely. When a return or payment is late, the date it is received at the Department of Revenue is treated as the date filed or paid.

**Extension for Filing Return.** If good cause exists, you may request a filing extension.

### Payments

#### Electronic Payments

If your total insurance taxes and surcharges due for the last 12-month period ending June 30 is \$10,000 or more, you are required to pay your tax electronically in all subsequent years.

You must also pay electronically if you're required to pay *any* Minnesota business tax electronically, such as withholding tax.

To pay electronically, go to the department's website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and log in to e-services. If you do not have Internet access, call 1-800-570-3329 to pay by phone. You'll need your user name, password and bank routing and account numbers. When paying electronically, you must use an account not associated with any foreign banks.

If you use other electronic payment methods, such as ACH credit method or Fed Wire, instructions are available on our website or by calling Business Registration Office at 651-282-5225 or 1-800-657-3605.

### Estimated Tax Payments

If your total tax liability for premium is more than \$500, you must make estimated payments based on the entire estimated amount. To avoid an additional charge for underpaying the tax, your payments must be made on time and be at least one-fourth of the total annual prior year's tax liability, or one-fourth of 80 percent of the total annual current year's tax liability.

Estimated payments are due quarterly on March 15, June 15, Sept. 15 and Dec. 15. When the due date falls on a weekend or legal holiday, payments made electronically or postmarked on the next business day are considered timely.

If you are not required to pay electronically and you choose to pay by check, you must mail a personalized payment voucher along with your estimated tax payment to help ensure the payment is credited correctly. Visit our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and click on "Make a Payment" and then "By check" to create a voucher. Print and mail the voucher with a check made payable to Minnesota Revenue.

When you pay by check, your check authorizes us to make a one-time electronic fund transfer from your account, and you may not receive your cancelled check.

If you make your payments electronically, do not send in a voucher.

If you do not pay the correct amount of estimated tax by the due dates and your tax liability is more than \$500, you may have to pay an additional charge for underpaying. Complete the worksheet on page 4. Overpayments from prior years or prior estimated overpayments should be applied before underpayment charges are figured.

### Return Payment

If there is an amount due on Form M11, either pay it electronically or by check.

If you are not required to pay electronically and you choose to pay by check, you must mail a personalized payment voucher along with your return payment to help en-

## 2016 Form M11 Instructions (continued)

sure the payment is credited correctly. Visit our website at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and click on “Make a Payment” and then “By check” to create a voucher. Print and mail the voucher with a check made payable to Minnesota Revenue.

When you pay by check, your check authorizes us to make a one-time electronic fund transfer from your account, and you may not receive your canceled check.

**Note:** If no amount is due or if you pay electronically, do not send in a voucher.

### Completing Form M11

#### Check Boxes

At the top of the form, check if the return is:

- an **Amended Return:** Check only if you are amending a previously filed return for the same period. Include all original and corrected policies on the amended return.

#### Columns A and B

All domestic, foreign and alien insurers must complete Column B (Minnesota basis).

Foreign and alien insurers (*except Arizona, Hawaii, Massachusetts, New York, and Rhode Island domiciled companies*) must also complete Column A (for purposes of applying Minnesota retaliatory laws) and Schedule M11B.

**Note:** All premiums, deductions and resulting taxes listed in Column A must be in accordance with the laws of the state or country of incorporation as they would apply to a Minnesota insurer licensed and doing business in that state or country. If the taxing authority of the state or country of incorporation requires a supplemental schedule to support tax computations, the same type of schedule (applying to business in Minnesota) must be attached to Minnesota Form M11.

In Column B (Minnesota basis), include direct premiums; stop-loss premiums; assessments; deposits; policy, membership and survey fees; finance and service charges; and dues, dividends and interest applied to reduce current premiums, pay renewal premiums, shorten the premium paying period or provide extended and paid-up additional insurance.

Exclude premiums received, contributed or credited for the insurer’s employees’ and agents’ life, accident and health insurance plans; and all return premiums on policies not taken, except cash surrender values paid upon the cancellation and surrender of poli-

cies or certificates of life insurance. If these premiums were included in line 6, see line 9 instruction.

### Line Instructions

Round amounts to the nearest dollar. Decrease any amount less than 50 cents and increase any amount that is 50 cents or more to the next higher dollar.

If the reported premiums are different from the premiums on the state page or schedule T, attach a schedule reconciling the difference.

#### Lines 1 and 2

Include finance and service charges on lines 1 and 2.

On line 1, include direct fire, casualty, worker’s compensation, ocean marine, bail bonds, title and other premiums. On line 2, include accident, health, stop-loss and other premiums.

#### Line 5

##### Other Additions

Workers compensation “Special Compensation Fund” surcharges collected is one example of what should be included on this line. Attach a separate schedule itemizing the additions and amounts included on this line.

#### Line 7

##### Ocean-Marine Premiums

In Column A, enter the amount of ocean-marine premiums included on line 1 that are allowable deductions under state of incorporation basis.

#### Line 8

##### Dividends

Enter dividends only if returned to the insured person or entity paying the premium.

#### Line 9

##### Other Nontaxable Business and Dividends

Enter other nontaxable business and dividends only if included on line 6. Attach a separate schedule itemizing the amounts included on this line.

#### Line 13a

##### Additional Charge for Underpaying Estimated Tax

If you did not pay the correct amount of estimated tax by the due dates and your tax liability on line 30 is more than \$500, you may have to pay an additional charge for underpaying. Complete the worksheet on page 4 to determine the amount to enter on line 13a.

#### Line 13b

##### Penalty

**Late Payment.** If you do not pay all the tax due by the due date, a late payment penalty is due. The penalty is 5 percent of the unpaid tax for any part of the first 30 days the payment is late, and 5 percent for each additional 30-day period, up to a maximum of 15 percent.

**Late Filing.** Add a late filing penalty to the late payment penalty if your return is not filed by the due date. The penalty is 5 percent of the unpaid tax. When added to the late payment penalty, the maximum combined penalty is 20 percent.

**Payment Method.** If you are required to pay electronically and do not, an additional 5 percent penalty applies to payments not made electronically, even if a paper check is sent on time.

#### Line 13c

##### Interest

You must pay interest on the unpaid tax plus penalty from the due date until the total is paid. The interest rate for calendar year 2017 is 4 percent. The rate may change for future years. To figure how much interest you owe, use the following formula with the appropriate interest rate:

$$\text{Interest} = (\text{tax} + \text{penalty}) \times \# \text{ of days late} \times \text{interest rate} \div 365$$

#### Line 16

##### Tax Rate

If premiums are taxed at more than one rate in home state, enclose a schedule showing rates and premiums.

The tax rate is 1 percent for mutual property and casualty insurance companies with total assets of \$5 million or less at the end of the calendar year.

The tax rate is 1.26 percent for mutual insurance companies that sell both property and casualty insurance that had total assets greater than \$5 million at the end of the calendar year, but less than \$1.6 billion on Dec. 31, 1989.

The tax rate is 2 percent for insurance companies not listed above.

#### Lines 26 and 27

##### Assessments

##### Deductions Available for Offset

If assessments are more than your tax before refundable credits (positive amount on line 25), use only the amount necessary

Continued

## 2016 Form M11 Instructions (continued)

to reduce your tax to zero; the remaining amount may be deducted in future tax years.

If you receive a refund for an assessment from the association, the refund must be subtracted from the paid assessment amount. If a refund is more than the assessment, the excess must be paid to Minnesota.

### **Line 26 — Guaranty Fund Assessment.**

Twenty percent of assessments (less any refunds) made and paid to the Minnesota Life and Health Guaranty Association or the Minnesota Insurance Guaranty Association are allowable offsets against the tax liability for the five years following the payment of the assessment. Contact our office if you have questions about carrying forward credits.

### **Line 27**

#### **JUA Assessment**

Assessments (less any refund from the association) paid to the general liability JUA under M.S. Chapter 62I are allowable offsets against the tax liability up to the extent of the tax liability in the year paid. The remaining offsets may be carried forward.

Any assessments paid to the medical malpractice JUA under M.S. Chapter 62F are not deductible under the Minnesota basis.

### **Line 28**

#### **Tax Before Refundable Credits**

The amount on line 28 can only be negative due to return premiums. It cannot be negative due to guaranty fund association offsets or JUA assessments (*see instructions for lines 26 and 27*).

### **Line 29**

#### **Historic Structure Rehabilitation Credit**

A refundable credit is available to taxpayers who are eligible for the Federal Historic Rehabilitation Credit for improving a certified historic structure located in Minnesota. The

credit is equal to 100 percent of the federal credit, and it may be transferred or assigned to others, including insurance companies.

To qualify for the Minnesota credit, the project developer must apply for approval from the State Historic Preservation Office (SHPO) of the Minnesota Historical Society before any rehabilitation of the structure begins. For eligibility requirements and information on how to apply for approval, go to the SHPO website at [www.mnhs.org/shpo](http://www.mnhs.org/shpo).

From the credit certificate you received from the State Historic Preservation Office of the Minnesota Historical Society, enter the five-digit NPS project number and the amount of your credit on line 29. You must include the credit certificate when you file your Form M11.

(M.S. 297I.20, subd. 3)

### **Lines 31a through 31e Estimated Tax Payments**

If any line contains more than one payment you must attach a schedule.

If payments are included from a merged company, attach a schedule listing the merged company name, NAIC number, payment amounts and payment dates.

### **Mailing Your Return**

Organize your Form M11 and all required schedules in the order of the attachment number provided in the top right corner (e.g., M11B is #1, IG259 is #2; IG258 is #3; and M11AR is #4). At the end, place any required documentation in the order it was completed. If you owe tax and are paying by check, place your voucher and check on top of Form M11. Use a paperclip; do not staple.

Mail your return and all required attachments to: Minnesota Revenue, Mail Station 1780, St. Paul, MN 55145-1780.

For express deliveries, use our street address: 600 N. Robert St., St. Paul, MN 55101.

### **Business Information Changes**

Be sure to let us know within 30 days if you change mailing addresses, phone numbers, or any other business information. To do so, go to our website, login to e-Services and update your profile information. By notifying us, we will be able to let you know of any changes in Minnesota tax laws and filing requirements.

### **Information and Assistance**

Website: [www.revenue.state.mn.us](http://www.revenue.state.mn.us)

Email: [insurance.taxes@state.mn.us](mailto:insurance.taxes@state.mn.us)

Phone: 651-556-3024

This material is available in alternate formats.

**For questions about licensing and regulations**, contact the Minnesota Department of Commerce:

Website: [www.mn.gov/commerce](http://www.mn.gov/commerce)

Email: [licensing.commerce@state.mn.us](mailto:licensing.commerce@state.mn.us)

Phone: 651-539-1599 or 1-800-657-3978

Fax: 651-539-0107

*Continued*

**Worksheet: Additional Charge for Underpaying Estimated Tax**

<b>1</b>	Enter 80 percent of your total annual tax liability from line 30 of your 2016 Form M11. If your tax liability was \$500 or less, you do not owe an additional charge .....	<b>1</b>	_____
<b>2</b>	Enter the amount from line 30 of your 2015 Form M11. If you were not required to file a 2015 return, you do not owe an additional charge .....	<b>2</b>	_____
			<b>Due Dates</b>
			<b>March 15      June 15      Sept. 15      Dec. 15</b>
<b>3</b>	Enter one-fourth of step 1 or step 2 (whichever is less) in each column .....	<b>3</b>	_____
<b>4</b>	Amounts paid on or before the due date for each period. Include credits applied, such as prior year's overpayment .....	<b>4</b>	_____
<b>5</b>	Overpayment of previous estimated payment (see <i>worksheet instructions</i> ) .....	<b>5</b>	_____
<b>6</b>	Add steps 4 and 5 .....	<b>6</b>	_____
<b>7</b>	Underpayment (or overpayment). Subtract step 6 from step 3 ....	<b>7</b>	_____
<b>8</b>	Date underpayment is paid or March 1, 2017, whichever is earlier. . .	<b>8</b>	_____
<b>9</b>	Number of days from the due date to the date on step 8 .....	<b>9</b>	_____
<b>10</b>	Additional charge ( $step\ 9 \div 365 \times interest\ (see\ below) \times step\ 7$ ) .	<b>10</b>	_____
<b>11 TOTAL.</b>	Add amounts in each column on step 10. Enter the result here and on Form M11, line 13a .....	<b>11</b>	_____

If step 11 is zero, keep this worksheet for your records. If it is more than zero, attach a copy of the worksheet to your Form M11.

**Interest:** 2016 = .03; 2017 = .04

**Worksheet Instructions**

**Step 5**

Payments of estimated tax are applied against any underpayments of required estimated payments in the order that the estimated payments were due.

For example, if your first estimated payment is underpaid by \$100 and you deposit \$200 for your second estimated payment \$100 of your second payment is applied to the first estimated payment. The additional charge for the first estimated payment is computed from the first estimated payment's due date to the date the second payment is made.

Also, the second estimated payment will then be underpaid by \$100 (assuming that the second payment is \$200) until sufficient repayments are received to eliminate the underpayment.

If more than one payment has been made for a required estimated payment, attach a separate computation for each payment.

If there are payments included from a merged company, attach a schedule listing the merged company name, NAIC number, payment amounts and payment dates.

Credit the excess of any overpayment for a period on step 5 of the next payment period.

**Step 10**

If there is no underpayment on step 7, enter "none" on step 10 for that period.