

# E-TAX-I

## Annual Tax and Fees Report INSTRUCTIONS

VERSION 20151231

Use for any year

# 2010 to 2015



The E-TAX workbook and other tax forms and instructions are accessible from the Arizona Department of Insurance "Tax Forms and Instructions" web page at <https://insurance.az.gov/insurers/taxes>.

### Additional Help Is Available

- ▶ Check our Tax Forms and Instructions web site for updated versions of these instructions.
- ▶ Send e-mail to Chief Operating Officer Scott Greenberg at [sgreenberg@azinsurance.gov](mailto:sgreenberg@azinsurance.gov) or call the Insurance Tax Section (602) 364-3997 with questions not answered on our web site, or if you find errors in forms or instructions.

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Go paperless and pay electronically. Use



...your electronic filing solution, facilitating premium tax, surplus lines tax, assessments, and other state-specific tax filings.



# Filing Requirements

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## Read All Instructions

Familiarizing yourself with these instructions before you begin working on your tax and fee filing may save you time and effort.

Read instructions provided on each schedule to determine whether you need to complete the schedule and other information you need to know.

## Don't Miss Your Deadline

Taxes and fees are due as follows:

- **February 28** for a reinsurer of a domestic ceding insurer pursuant to ARS § 20–261.01.
- **March 31** for a domestic life and disability reinsurer and for a domestic title insurer, pursuant to ARS § 20–223.
- **April 1** for a mechanical reimbursement reinsurer pursuant to ARS § 20–1096.05.
- **August 1** for an unaffiliated credit life and disability reinsurer with a fiscal year ending December 31 pursuant to ARS § 20–1083.
- **November 1** for an unaffiliated credit life and disability reinsurer with a fiscal year ending other than December 31 pursuant to ARS § 20–1083.
- **March 1** for all other insurers, health care services organizations, health-related service corporations and organizations, risk retention groups, fraternal benefit societies and other risk-bearing entities.

A filing is timely if ► you transmit it electronically using OPTins by the due date, OR ► we receive it by the due date, OR ► we receive it in a mailed package postmarked by the due date or showing a courier service retrieved it by the due date.

**NOTE:** Postage metering is NOT evidence of the date you sent materials. We shall consider mail that lacks evidence of when it was sent to have been mailed the preceding business day.

**Insurers that pay tax late** are subject to a civil penalty equal to the greater of \$25 or 5% of the delinquent tax, and interest equal to 1% per month from the date the tax was due. ARS § 20-225(A). The director may refuse to renew the certificate of authority of an insurer that does not pay tax on or before the due date. ARS § 20-225(B).

## Have Required Software

- **You must have Adobe Reader** software (available at no charge from [www.adobe.com](http://www.adobe.com)) to read instructions and the Annual Taxes and Fees Data Sheet.
- **You must have an Office 2007 or newer version of Microsoft Excel**, or the current version of **OpenOffice** (available at no charge from [www.openoffice.org](http://www.openoffice.org)) if you are required to complete and submit a tax report. *See the Annual Taxes and Fees Data Sheet to determine whether you must complete and submit a tax report.*

## Use the Correct Form

Open the “Annual Taxes and Fees Data Sheet” from our ***Tax Forms and Instructions web page*** and print the one page from the Data Sheet that contains information about the insurer/entity. The Data Sheet page will tell you if you need to submit a tax report.

► *Contact Chief Operating Officer Scott Greenberg ([sgreenberg@azinsurance.gov](mailto:sgreenberg@azinsurance.gov)) if you believe information on the Data Sheet is not correct.*

Find the forms and instructions you need from our ***Tax Forms and Instructions web page*** (<https://insurance.az.gov/insurers/taxes>).

- **FEE ONLY:** If the Data Sheet says you only need to pay a fee, either use OPTins to pay the fee electronically OR enclose a copy of your Data Sheet page with your mailed payment and print your NAIC number in the memo section of your payment.
- **NON E-TAX REPORT:** If you need to submit a tax report other than Form E-TAX, download, save, complete and submit the tax report designated on the Data Sheet.
- **E-TAX REPORT:** If the Data Sheet indicates you need to submit Form E-TAX, you will need to download, save, complete and submit the following:
  - **Form E-TAX** must be submitted by
    - casualty insurers; ► disability (accident/health) insurers; ► health care services organizations (HMOs); ► hospital, medical, dental and optometric service corporations; ► life and disability insurers; life

insurers; ► mortgage guaranty insurers; prepaid dental plan organizations; ► property and casualty insurers; ► property insurers; ► foreign risk retention groups. The Annual Taxes and Fees Data Sheet will specify the type of insurer and if the insurer must submit Form E-TAX.

- If the insurer is an accountable health plan reporting tax-exempt premiums for major-medical (health benefit) plans to small employers, **Schedule E-SGHI**.
- If the insurer is a foreign or alien insurer (domiciled outside Arizona), **Form E-RT**.
- If the insurer is a foreign or alien insurer, the insurer should save or print, and must use, pages for the insurer's domicile from the **Arizona Retaliation Guide**.
- For a foreign or alien insurer whose domicile requires insurers to pay insurance producer appointment or appointment renewal fees, **Schedule E-TAX-AGENTS**.
- If the insurer is a domestic (domiciled in Arizona), **Form E-LRTF** with documentation specified in form instructions.
- If the insurer earned or is using a tax credit or tax offset, **Form E-TC**. Note: Most tax credits/offsets require documentation to be provided. See Form E-TC for details.
- If the insurer is filing an amendment to a previously submitted E-TAX tax report, **Form E-AMEND**.

## Download and Complete

Only use the current version of each form from our **Tax Forms and Instructions web page** (<https://insurance.az.gov/insurers/taxes>). A different version may be rejected.

To download and use tax forms:

1. Click on the link to the tax form and select the "SAVE" option.
2. Use your computer's "explorer" window to designate where on your computer or network you want to save the file.
3. Repeat steps 1 and 2 for each of the tax forms you need.
4. Launch Microsoft Excel (or OpenOffice) and open the file you saved on your computer/network.

5. Enter and save information.
6. EITHER ► submit forms as attachments to an NAIC OPTins filing (along with any other required attachments and payment) OR ► print, sign/date and submit a paper version of the completed worksheets (along with any other required items and payment).

## Report the Correct Data

Premium totals you report in your annual statement may differ from premiums that are taxable under Arizona law. Regardless of how you report information in your annual statement, Arizona law requires you to report and pay taxes *on premiums for insurance covering property, subjects or risks located, resident or to be performed in Arizona*. ARS § 20-224. Describe additions and subtractions from premium on Form E-TAX. Provide attachments as necessary to explain and document differences between annual statement and tax report amounts.

## Pay the Correct Amount

Form E-TAX calculates the amount you owe for taxes, fees and retaliation.

- Do not combine your E-TAX payment with any other payment. *If you are required to pay installments, pay them separately from your E-TAX payment.*
- Send your E-TAX filing and any required schedules, documentation or data, SEPARATELY from anything else you need to send to the Department of Insurance. *For example, do not send your E-TAX filing with your annual statement filing.*
- Do not send a payment with your E-TAX filing if Form E-TAX shows you are owed a refund.
- If Form E-TAX shows you owe an amount, pay that amount. Your payment must exactly match (to the penny) the E-TAX total.

## Complete Forms and Schedules in the Best Sequence

Many (but not all) places on Form E-TAX will be highlighted when required information is missing. Make sure to complete all required information (whether highlighted or not) before submitting your tax report.

You should complete your tax report forms in the following sequence:

1. **FORM E-TAX, PART A and PART B.** Enter information in all boxes. If submitting your tax report electronically using OPTins, the report will not need to be signed or dated. The OPTins submission will record the submitter and date. If the report will be submitted on paper, after the entire report is complete, the preparer must sign and date the report.
2. **FORM E-TAX, PART C – skip for now.** We'll come back to it.
3. If the insurer is an accountable health plan reporting tax-exempt premiums for major-medical (health benefit) plans to small employers, complete **Schedule E-SGHI**, which is in a separate file available from our web site.
4. After completing the E-SGHI worksheet, post the total from that worksheet to Form E-TAX, Part D, line AHP, column (a).
5. **FORM E-TAX, PART D.** Record premium written finance/service charges, dividends and other subtractions for each line of insurance in columns (a) through (d).

**Note:** If the insurer transacted accident and health insurance premium (even for a property and casualty insurer), begin by entering the total premium for all kinds of *accident and health* insurance (taxable AND tax-exempt) on Line AH00. Then enter premiums that are tax exempt on the succeeding "AH.." lines, which will subtract from AH00 to compute the ACCIDENT AND HEALTH SUBTOTAL.

You MUST use the "Notes" box to describe each entry in the "Other Subtractions" column.

6. **FORM E-TAX, PART E.** Do not make entries on lines that instruct you to "SKIP THIS LINE." Only insurers that reported premiums for fire, allied lines, farmowners, homeowners or commercial non-liability insurance will need to enter information in PART E.
7. If the insurer earned or is using a tax credit or tax offset, complete **FORM E-TC**. You will need to start Form E-TC by posting the amount from Form E-TAX, Part C, Line 1 onto Form E-TC, Line 9 (gross premium tax).
8. If the insurer is a foreign or alien insurer (domiciled outside Arizona), complete **FORM E-RT** (using information from the *Arizona*

*Retaliation Guide*). **EXCEPTION:** Beginning with Tax Year 2015, insurers domiciled in Hawaii, Massachusetts, Minnesota, New York, and Rhode Island are exempt from retaliation in Arizona and must NOT complete Form E-RT.

#### 9. **FORM E-TAX, PART C.**

- a. Post the total from Form E-TC to Line 2.
- b. If subject to retaliation, post the total from Form E-RT to Line 4.
- c. Use the insurer's page of the Annual Taxes and Fees Report to identify the insurer's Certificate of Authority Fee, and post that amount to Line 5.
- d. Use the insurer's page of the Annual Taxes and Fees Report to identify the insurer's Annual Statement Filing Fee, and post that amount to Line 6.
- e. Use the insurer's page of the Annual Taxes and Fees Report to identify the total installment payments the insurer made during 2015, and post that amount to Line 8.
- f. Line 9 will calculate either the amount to be refunded to the insurer or the amount the insurer owes.
  - **If the insurer is owed a refund**, do not include a payment with your tax report.
  - **If the report calculates an amount owed**, pay exactly that amount (to the penny).

## How to Submit E-TAX

Before submitting your report, make sure you have everything you need.

Regardless of the filing method you select, do not combine your E-TAX (Annual Tax and Fees Report) filing and payment with any other filing or payment. Submit your E-TAX filing and (if applicable) payment using one of the following two options:

- ▶ **NAIC OPTins.** You must save, complete and upload the E-TAX workbook and any additionally required forms or documentation as OPTins filing attachments. ▶ Do not print and sign the tax report if you are submitting using OPTins – the OPTins system will record the user and date for the submission. ▶ Only include a payment for taxes, fees and retaliation as part of your OPTins filing if Section C, line 9 shows AMOUNT OWED. ▶ If an amount is owed, enter the exact

amount (to the penny) to OPTins “Payment Type 69: Payment to be Distributed.” **Do not use any other payment types.**

- ▶ **Paper filing.** ▶ Print all worksheets except for E-SGHI and E-TAX-AGENTS, which must be submitted on CD-ROM. Some worksheets require more than one page. ▶ Sign the PREPARER’S ATTESTATION on Form E-TAX, Section B. **An unsigned tax report submitted on paper is unacceptable and may result in the taxpayer being penalized or subject to administrative action.** ▶ Organize the printed workbook with any additionally required items (which may include CD-ROM's containing data files as specified in these instructions). If Section C, line 9 shows an AMOUNT OWED, make your check payable to “**ARIZONA DEPARTMENT OF INSURANCE**” and include your NAIC number in the memo section of the payment. ▶ Submit your materials to:

**Insurance Tax Section  
Arizona Department of Insurance  
2910 N 44<sup>th</sup> St # 210  
Phoenix, AZ 85018-7269**

**IMPORTANT! OPTins is the only way to pay electronically. DO NOT try any payment method other than OPTins or check.** If you do, your payment will be rejected and you may be subject to penalty and interest.

## Summary of Filing Contents

If you are submitting an OPTins filing, provide appropriately labeled attachments.

Your E-TAX filing (whether submitted by OPTins or on paper) must contain all the following:

- ▶ **Form E-TAX** (Annual Tax and Fees Report), either in a Microsoft Excel Open XML (XLSX) format for an OPTins filing or printed out and signed if filing on paper.
- ▶ **A copy of your Schedule T and your Arizona State Page Exhibit** from your annual statement filing.
- ▶ **If Form E-TAX line 9 shows an AMOUNT OWED**, a payment that exactly matches (to the penny) the calculated amount due.
- ▶ **If Form E-TAX, PART D, line SCAH is not \$0.00**, a list containing the federal, state and municipal governments that paid premium you are claiming as exempt and the amount of premium

paid by each. Line 19 must be \$0.00 if the insurer is not a service corporation.

- ▶ **If Form E-TAX, PART D, Line AHP is not \$0.00**, an OPTins attachment or CD-ROM containing the SGHI.XLS workbook in Microsoft Excel Open XML (XLSX) format, and a scanned copy of a sample of evidence you collect to determine that an employer meets the definition of “small employer,” saved in Adobe Acrobat (PDF) format. If submitting a CD-ROM, write “E-SGHI,” the insurer’s NAIC number, the insurer’s name and the tax year on the CD-ROM.
- ▶ **If Form E-TAX, PART D, Line PC16 is not \$0.00**, a photocopy of the tax report that you filed with the Industrial Commission of Arizona marked “COPY.”
- ▶ **If the insurer is claiming one or more tax credit**, Form E-TC and any supporting documentation and schedules specified in Form E-TC. Make sure to post the total from Form E-TC on Form E-TAX line 2.
- ▶ **If the insurer is an Arizona-domestic insurer**, an OPTins attachment or CD-ROM containing Form E-LRTF (Survey of Domestic Insurers: Local/Regional Taxes and Fees) saved in Microsoft Excel Open XML (XLSX) format.
  - Write “E-LRTF,” the insurer’s NAIC number, the insurer’s name and the tax year on the CD-ROM.
  - **Do not submit the E-LRTF or underlying documentation on paper unless the insurer did not transact insurance in any state shown in the survey – see survey instructions for details.**
- ▶ **If the insurer is a foreign or alien insurer** other than an insurer domiciled in Hawaii, Massachusetts, Minnesota, New York or Rhode Island, Form E-RT and any supporting documentation and schedules specified in Form E-RT, regardless of whether the insurer has a retaliation liability. Consult the portion of the *Arizona Retaliation Guide* that pertains to your domicile to help ensure you identify all retaliation items.

## Retaliation

All foreign and alien fraternal benefit societies, risk retention groups and insurers other than title insurers that are not domiciled in Hawaii, Massachusetts, Minnesota, New York or Rhode Island must complete **Form E-RT**. Title insurers must, instead, complete Form E-TITLE to report retaliation. Arizona-

domiciled insurers must not complete or file Form E-RT.

A foreign or alien insurer must pay *retaliation* if the total taxes, fees, assessments and other obligations that the insurer's domicile (including any political subdivisions within the domicile) would impose upon a similar Arizona insurer doing the same type and level of business are greater than the taxes, fees, assessments and other obligations that Arizona imposed upon the foreign/alien insurer.  
ARS § 20-230.

The insurer must make sure that all information throughout all parts of Form E-RT is complete and accurate. The Department of Insurance has created an "*Arizona Retaliation Guide*," available from our **Tax Forms and Instructions web page** (<https://insurance.az.gov/insurers/taxes>) to help insurers identify information that should appear on Form E-RT.

## Installment Payments

An insurer with a net premium tax liability (Form E-TAX line 3) of \$2,000 or more must pay installments during the current calendar year by the 15th of each month, March through August. Either pay installments using the NAIC OPTins system or by filing payments with Form E-INSTALL, available from our **Tax Forms and Instructions web page** (<https://insurance.az.gov/insurers/taxes>). You may combine two or more (E-INSTALL) installment payments together (*for example, you can pay the March and April installments with one payment accompanied by one Form E-INSTALL or in one OPTins filing*). DO NOT combine installment payments with your E-TAX payment or with other amounts you may owe.