

INSURANCE TAX – FOREIGN

TAXPAYER

Insurance companies not organized under Ohio law.

TAX BASE

Gross amount of premiums from policies for Ohio risks during preceding calendar year less specified deductions.

RATE

The rate for foreign insurers has been reduced. In tax year 2003 and thereafter it is 1.40 percent. The minimum tax increased in 2003 to \$250; it was \$200 in 2002.

MAJOR EXEMPTIONS

Annuities, deposit-type life insurance contract funds, Medicaid, government-paid portion of Medicare, and federal crop insurance.

REVENUE (IN MILLIONS)

Fiscal Year	General Revenue Fund	Other⁽¹⁾	Total
2000	\$252.3	\$7.9	\$260.2
2001	220.6	11.7	232.3
2002	214.3	15.9	230.2
2003	216.4	17.4	233.8

Note: (1) Includes Fire Marshal Fund and Attorney General Claims Fund.

DISPOSITION OF REVENUE

General Revenue Fund and Fire Marshal Fund.

PAYMENT DATES

October 15:	Advance payment of ½ of previous year's tax.
March 1:	Payment of balance of previous year's tax.
June 15:	Final payment or refund.

Note: Tax year is the year in which the payments are filed. Payments are based upon the previous year's business activity.

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SPECIAL PROVISIONS/CREDITS

A tax credit for insurer groups with less than \$75 million in total countrywide premium sales was phased in from tax year 1999 to 2003, with a maximum credit of \$200,000 in 2003. In 2002, the maximum credit allowed was \$160,000.

An additional 0.75 percent tax is levied on the gross premium receipts derived from fire insurance and that portion of the premium reasonably allocable to fire insurance included in other coverages.

Foreign insurers that are health insurance corporations are taxed at the rate of 1.0 percent of all premium payments, excluding payments received under Medicare and Medicaid.

SECTIONS OF OHIO REVISED CODE

Chapter 5729 and section 3737.1.

RESPONSIBILITY FOR ADMINISTRATION

Director, Department of Insurance.

HISTORY OF MAJOR CHANGES

- 1830 • 4.0 percent tax on profits from premiums (minimum tax of \$50).
- 1852 • Value of gross premiums subject to property tax.
- 1888 • Supplemental tax on gross premiums that, when added to the property tax, would equal 2.5 percent of gross premiums.
- 1902 • Direct 2.5 percent tax on gross premiums.
- 1997 • Tax rate for foreign insurers is 1.40 percent for tax year 2003 and thereafter. A minimum tax of \$250 is in effect for tax year 2003 and thereafter. In tax year 2002 the minimum tax was \$200.
 - Tax credit for insurer groups with less than \$50 million in countrywide premium sales to be phased in from tax year 1999 to 2003. After July 1, 1999, the threshold was increased to \$75 million.

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COMPARISONS WITH OTHER STATES (AS OF 12/03)

State	Tax Rate (1)
California	Foreign insurers subject to retaliatory provisions.
Florida	Foreign insurers, other than those maintaining a regional office in Florida, subject to retaliatory provisions.
Illinois	Foreign insurers subject to retaliatory provisions.
Indiana	Foreign insurers subject to retaliatory provisions.
Kentucky	Foreign insurers pay 1.7 percent of premiums received.
Massachusetts	Foreign insurers pay 2.0 percent plus surtax of 14 percent of the tax imposed. The 14 percent surtax does not apply if the foreign insurers are subject to the retaliatory provisions.
Michigan	Foreign insurers pay the greater of the retaliatory tax or the single business tax.
New Jersey	Foreign insurers are subject to retaliatory provisions.
New York	Foreign insurers are subject to retaliatory provisions.

Note: (1) In general, the retaliatory tax rate imposed is either the domestic rate of the state taxing the foreign insurer, or the rate of the state in which the foreign insurer is incorporated, whichever is greater.

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Ohio

Foreign insurers are subject to retaliatory provisions. In tax year 2003 the rate became 1.40 percent of premiums if the retaliatory provisions do not apply. In 2002, the rate was 1.62 percent.

Pennsylvania

Foreign insurers are subject to retaliatory provisions.

Texas

Foreign insurers are subject to retaliatory provisions. Reciprocal insurers that do not elect to be taxed under provisions applicable to title, life, and accident and health insurers are taxed at 1.7 percent of gross premiums.

West Virginia

Foreign insurers are subject to retaliatory provisions.

