

NEW FOR 2012

- RCT-123 has been redesigned and is no longer year-specific.
- Line-by-line instructions for RCT-123 are now available.
- RCT-123 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 extension coupon (REV-426) will be used for all specialty taxes. The coupon and the tax report (RCT-123) will no longer be mailed. These forms are available as fill-in documents on the department's website at **www.revenue.state.pa.us**. The REV-426 extension coupon 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.
- One RCT-123 must be filed for each agency and report for all branch offices and/or all individual agents filing under the same FEIN.
- Tax liability on the RCT-123 cannot be a negative number; instead the taxpayer must file a petition for refund.

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

- Complete RCT-123, Gross Premiums Tax Report for Surplus Lines Agents
- Attach copies of the monthly 1620 reports as filed with the Pennsylvania Surplus Lines Association on behalf of the Pennsylvania Insurance Department.
- Corporate officer's signature on Page 1 and preparer's signature and PTIN on Page 2, if applicable
- A signed copy of all three pages of the RCT-123 tax report and the monthly 1620 reports must be filed electronically with the Pennsylvania Surplus Lines Association in the Electronic Filing System (EFS).

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

The gross premiums tax is imposed under the Act of May 17, 1921, P.L. 682, No. 284 at the rate of 3 percent on gross premiums of insurance procured with eligible surplus lines insurers and other non-admitted insurers through duly licensed surplus lines producers. The tax is in addition to the premium charged by the insurer. The tax is levied on the insured that procured the insurance with eligible surplus lines insurers or other non-admitted insurers and is collected and remitted by the surplus lines producer. The tax on any unearned portion of the premium must be returned to the insured by the agency or agent. Political subdivisions are exempt from this tax.

Location of Risk

If the policy involves risk located in multiple states which includes Pennsylvania, then the taxable premiums shall be levied as follows:

Policies placed/renewed before July 1, 2011: If the location of risk is partially in Pennsylvania, that portion of the gross premiums shall be taxable. Proof of the allocation or apportionment of the Pennsylvania risk must be provided.

Policies placed/renewed after June 30, 2011: If Pennsylvania is the "home state" of the insured, the gross premiums shall be taxable to Pennsylvania. For more information, see 40 P.S. § 991.1602, 40 P.S. § 991.1621 and 40 P.S. § 991.1622.

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 year (YY) for the tax year end.

Report Due Date

This report is due on Jan. 31 for the preceding year ended Dec. 31. If Jan. 31 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 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, Line 1. 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.

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 SSN/PTIN 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 SSN/PTIN of the individual preparing the report.

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 payment 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-123 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 the RCT-123, 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-123 and written correspondence.

CONTACT INFORMATION

- To make electronic 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.
- If you have questions regarding filing this return electronically with the Pennsylvania Surplus Lines Association, call the Pennsylvania Surplus Lines Association at 1-888-209-3230 (within Pennsylvania) or 610-594-1340 (outside Pennsylvania).

RCT-123 should be completed in the following order:

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

Step 2 - Enter the Revenue ID number and other taxpayer information in the designated fields at the top of each page.

Step 3 - Complete Page 3, Schedule B, Branch Offices.

Step 4 - Complete Page 2, Schedule A, Taxable Premiums.

Step 5 - Complete the Calculation of Tax at the top of Page 2.

Step 6 - Complete Page 1, Tax Liability, Payment and Overpayment sections.

Step 7 - Complete the corporate officer information section, sign and date at the bottom of Page 1.

Step 8 - Complete the preparer information section, sign and date at the bottom of Page 2, if applicable.

Step 9 - Mail the completed report and any supporting schedules to the PA Department of Revenue.

Step 10 - File a signed copy of all three pages of the RCT-123 tax report and the monthly 1620 reports electronically with the PA Surplus Lines Association in the Electronic Filing System (EFS).

Page 3 - Schedule B - Branch Office

Complete Schedule B if the producer has multiple branch offices filing under the same FEIN.

Note: You are required to file a copy of each monthly 1620 report for each branch office that is reported on this schedule.

Customer Number - Enter the number assigned by the Pennsylvania Surplus Lines Association for each branch.

Address - Enter the address of each branch office.

Total Gross Premiums - Enter the total yearly gross premiums for each branch. This total MUST include returned and/or exempt premiums; these adjustments are made in the next two columns.

Less Total Returned Premiums - Enter the total returned premiums for each branch.

Less Tax Exempt Premiums - Enter the total exempt premiums for each branch.

Gross Premiums Taxable - Enter the difference of total gross premiums less returned premiums less tax exempt premiums for each branch. Taxable gross premiums cannot be less than zero.

Grand Totals - Enter the sum of all gross premiums taxable. This figure must reconcile to the total as reported on Page 2, Schedule A.

Tax Amount - Multiply the gross premiums taxable column by 0.03.

Grand Totals - Enter the sum of all tax amounts. This figure must reconcile to the total as reported on Page 2, Line 2.

Location of Risk - Enter the location(s) the risk will cover.

Note: If the policy involves risk located in multiple states which includes Pennsylvania, the taxable premium shall be levied as follows:

Policies placed/renewed before July 1, 2011: If the location of risk is partially in Pennsylvania, that portion of the gross premiums shall be taxable. Proof of the allocation or apportionment of the Pennsylvania risk must be provided.

Policies placed/renewed after June 30, 2011: If Pennsylvania is the "home state" of the insured, the gross premiums shall be taxable to Pennsylvania. For more information see 40 P.S. § 991.1602, 40 P.S. § 991.1621 and 40 P.S. § 991.1622.

Page 2 - Calculation of Taxable Gross Premiums**Schedule A - Taxable Gross Premiums****Monthly Premiums**

Enter the taxable premiums as reported on the monthly 1620 reports for each of the 12 months. If there are multiple branches, this will be the sum of all monthly 1620 reports for the respective month.

Revised

Check the appropriate box if a revised monthly 1620 report is included for any month.

Note: If the revised monthly 1620 report was submitted to the PSLA prior to filing the original RCT-123, provide the latest documents and figures. If the original RCT-123 has been submitted prior to the revised monthly 1620 report, an amended RCT-123 must be filed indicating what month(s) have been revised. The revised monthly 1620 report must be provided.

Multiple

Check the appropriate box if the producer has multiple branches in which multiple monthly 1620 reports are being filed for any month.

Total

Enter the sum of the taxable premiums for January through December. This must reconcile to the grand total gross premiums taxable from Page 3, Schedule B.

Line 1-Taxable Premiums

Enter the total from Schedule A.

Line 2-Tax

Multiply Line 1 by 0.03. Carry the tax to RCT-123 Page, 1 Line 1.