

Instructions for RCT-124


Underwriting Profits Tax - Domestic & Foreign Marine Insurance

RCT-124 I (04-16)

GENERAL INFORMATION

REMINDER

- All payments of \$1,000 or more must be made electronically or by certified or cashier's check remitted in person or by express mail courier.
- Use only whole dollars when preparing tax reports.
- Taxpayers may request a 60-day extension to file this report by filing REV-426.

 **NOTE:** The automatic PA extension provided by Act 52 of 2013 to those with valid federal extensions DOES NOT apply to this tax.

- The penalty imposed for failure to file timely reports is now a minimum of \$500, regardless of the determined tax liability, plus an additional 1 percent of any determined tax liability over \$25,000.
- RCT-124 is available as a fill-in form on the department's website at **www.revenue.pa.gov**. Use ONLY the most current, non-year-specific tax form and instructions for filing ALL years. **If an amended report must be filed, taxpayers must use the most current, non-year-specific tax form, completing all sections of the form. 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 coupons and the tax report will no longer be mailed. These forms are available as fill-in documents on the department's website **www.revenue.pa.gov**. The REV-423 and REV-426 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:

- Negative amounts must be written using a minus sign preceding the number. Do not use parentheses.
- Complete RCT-124, Domestic and Foreign Marine Insurance Tax Report.
- Copy of the Pennsylvania Business Page and Schedule T of the annual report filed with the PA Insurance Department.
- Corporate officer's signature on Page 1 and preparer's signature and PTIN on Page 2 (if applicable).

Imposition, Base and Rate

This tax is imposed under the Act of May 13, 1927, (P.L. 998, No. 486) at the rate of 5 percent on marine insurance companies' underwriting profits attributable to Pennsylvania business transactions.

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 (MMDD YYYY) for the tax year beginning and year (YY) for the tax year end.

Report Due Date

This report is due on June 1 for the preceding year ended Dec. 31. If June 1 falls on a Saturday, Sunday or holiday, the report is due the next business day. The penalty imposed for failure to file timely reports is now a minimum of \$500, regardless of the determined tax liability, plus an additional 1 percent of any determined tax liability over \$25,000.

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.

Regardless of the tax year being amended, taxpayers must use the most current non-year-specific tax form, completing all sections of the report. This includes those sections originally filed and those sections being amended. All tax liabilities should be recorded on Page 1. Taxpayers must check the Amended Report check box on Page 1 and include Schedule AR, REV-1175, with the report.

First Report

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

Electronic Payment

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

Final Report

- Enter "Y" in the block on Page 1 if this report will be the final report filed with the department. Indicate the effective date of the event as MMDDYYYY.
- 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 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.

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 payment with an extension request should not submit the extension coupon. Do not use the extension coupon to remit other unpaid liabilities within the account.

Payment and Mailing Information

All payments of \$1,000 or more must be made electronically or by certified or cashier's check remitted in person or by express mail courier. Failure to make a payment by an approved method will result in the imposition of a 3 percent penalty of the tax due, up to \$500. For more information on electronic payment options, visit www.etides.state.pa.us. Payments under \$1,000 may be remitted by mail, made payable to the PA Department of Revenue.

Mail payments, extension requests and Tax Report, RCT-124, to the following address:

PA DEPARTMENT OF REVENUE
327 WALNUT ST FL 3
PO BOX 280407
HARRISBURG PA 17128-2005

Current Period Overpayment

If an overpayment exists on Page 1 of the RCT-124, 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 within the account.

Transfer: Identify the amount to transfer from the current tax period overpayment to the next tax period. Prior to any transfer, the department will offset

current period liabilities and other unpaid liabilities within the account.



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

A tax period overpayment summary will be mailed to the taxpayer confirming the disposition of the credit.

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-124 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 6).
- 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).
- 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 717-705-6225 (Option 4). Requests can be faxed to 717-705-6227.
- If you have questions regarding tax assessments, 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.

LINE INSTRUCTIONS

RCT-124 should be completed in the following order:

(Page instructions start with Page 3 below.)

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

Step 2 - Indicate the type of insurance company on Page 1, Domestic or Foreign. This information is required.

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

Step 4 - Complete Page 3, Schedules A-D.

Step 5 - Complete Page 4, Schedules E-G.

Step 6 - Complete Page 2, Calculation of Tax.

Step 7 - Complete Page 1, Lines 1 through 10.

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 3

Schedule A - Marine Premiums Written Within the U.S.

Schedule B - Marine Premiums Written in the Commonwealth of Pennsylvania

Schedule C - Premiums Written- All Classes of Business for the Last Three Calendar Years Within the U.S.

 **NOTE:** Schedules A, B, and C include the following information for items a through c:

Column 1 - Last Three Calendar Years
Enter the years in chronological order. (earliest in Item a, etc.)

Column 2 - Enter the Gross Premiums.

Column 3 - Enter the Return Premiums.


Column 4 - Net Premiums
Enter the difference of Column 2 minus Column 3.

Column 5 - Enter the Net Reinsurance.

Column 6 - Total Net Premiums
Enter the difference of Column 4 minus Column 5.

Enter the totals of Columns 2 through 6 on Item d.

Schedule D - Unearned Premiums on Outstanding Marine Insurance Contracts Written Within the U.S. at the Close of Business Dec. 31 for the Last Four Calendar Years

 **NOTE:** Schedule D includes the following information for items a through d:

Column 1 - Last Four Calendar Years
Enter the years in chronological order. (earliest in Item a, etc.)

Trip (or Voyage) Contracts:

Column 2 - Enter the Premiums in Force Less Reinsurance.

Column 3 - Enter the Net Unearned Premiums 100%.

Term Contracts:

Column 4 - Enter the Premiums in Force Less Reinsurance.


Column 5 - Enter the Net Unearned Premiums 50%.

Column 6 - Advance Premiums
Enter the Net Unearned Premiums 100%.

Column 7 - Enter the Total Net Unearned Premiums for each year. (Column 3 plus Column 5 plus Column 6)

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Schedule E - Marine Losses Incurred on Business Written Within the U.S. for the Last Three Calendar Years

 **NOTE:** Schedule E includes the following information for items a through c:

Column 1 - Last Three Calendar Years
Enter the years in chronological order. (earliest in Item a, etc.)

Column 2 - Enter the Gross Losses.

Column 3 - Enter the Reinsurance.

Column 4 - Enter the Salvage.

Column 5 - Total of Reinsurance and Salvage


Enter the sum of Column 3 plus Column 4.

Column 6 - Net Losses

Enter the difference of Column 2 minus Column 5.

Enter the totals of Columns 2 through 6 on Item d.

Schedule F - Specific Marine Expenses Incurred on Business Transacted Within the U.S.

 **NOTE:** Schedule F includes the following information for items a through c:

Column 1 - Last Three Calendar Years
Enter the years in chronological order. (earliest in Item a, etc.)

Column 2 - Enter Agency Commissions Including Brokerage.

Column 3 - Enter Agency Expenses.

Column 4 - Enter Federal Taxes.

Column 5 - Enter State & City Taxes and Fees.


Column 6 - Enter Loss Adjustment Expense.

Column 7 - Enter all Other Expenses.

Column 8 - Total Marine Expenses
Enter the sum of Columns 2 through 7.

Enter the totals of Columns 2 through 8 on Item d.

Schedule G - General Expenses Not Chargeable Specifically to Any Particular Class of Business

 **NOTE:** Schedule G includes the following information for items a through c:

Column 1 - Last Three Calendar Years
Enter the years in chronological order. (earliest in Item a, etc.)

Column 2 - Enter Salaries of Officers and Employees.

Column 3 - Enter Advertising and Subscription Expenses.

Column 4 - Enter Federal Tax Expenses.

Column 5 - Enter Rent Expenses.

Column 6 - Enter Printing and Stationery Expenses.


Column 7 - Enter all Other Expenses.

Column 8 - Total General Expenses
Enter the sum of Columns 2 through 7.

Enter the totals of Columns 2 through 8 on Item d.


Item e: Three year ratio of U.S. Marine Premiums to Total Net Premiums for All Classes of Business Within the U.S.

Enter the result of Schedule A, Column 4, Item d divided by Schedule C, Column 4, Item d.

 **NOTE:** Calculate to six decimal places.

Item f: Three year ratio of Net Marine Premiums Written Within Pennsylvania to Total Net Marine Premiums Written Within the U.S.

Enter the result of Schedule B, Column 4, Item d divided by Schedule A, Column 4, Item d.

 **NOTE:** Calculate to six decimal places.

Attach Copy of the Pennsylvania Business Page and Schedule T of the Annual Report filed with the Pennsylvania Insurance Department.



NOTE: If the company is licensed to write ocean marine premiums in Pennsylvania, this report must be filed whether or not ocean marine premiums were written in Pennsylvania for that particular year.

PAGE 2

CALCULATION OF TAX

Line 1 - Net Marine Insurance Premiums

Enter the amount from Schedule A, Column 6, Item d.

Line 2 - Net Unearned Marine Premiums on U.S. Business (beginning of 4 year period)

Enter the amount from Schedule D, Column 7, Item a.

Line 3 - Total

Enter the total of Lines 1 and 2.

Line 4 - Net Unearned Marine Premiums on U.S. Business (end of 4 year period)

Enter the amount from Schedule D, Column 7, Item d.

Line 5 - Net Marine Premiums Earned

Enter the difference of Line 3 minus Line 4.

Line 6 - Net Marine Losses Incurred on Business Written Within the United States

Enter the amount from Schedule E, Column 6, Item d.

Line 7 - Specific Marine Expenses Incurred

Enter the amount from Schedule F, Column 8, Item d.

Line 8 - Portion of General Expenses Chargeable to U.S. Marine Premiums

Multiply Schedule G, Item e by Schedule G, Column 8, Item d.

Line 9 - Total Deductions

Enter the total of Line 6 through 8.

Line 10 - Net Marine Underwriting Profit on Business Written Within the U.S.

Enter the difference of Line 5 minus Line 9.

Line 11 - Apportionment

Enter the amount from Schedule G, Item f. This figure is to be expressed as a decimal (x.xxxxxx)

Line 12 - Net Marine Underwriting Profit on Business Written Within Pennsylvania for Three Years

Multiply Line 10 by Line 11. If Line 10 is negative, enter zero.

Line 13 - Average Net Marine Underwriting Profit on Business Within Pennsylvania for One Year

Multiply Line 12 by one third.

Line 14 - Tax

Multiply Line 13 by 5 percent (0.05). Carry the tax to RCT-124, Page 1, Line 1.