



FORM INS-4

2023

MAINE

INSURANCE PREMIUMS TAX RETURN

GENERAL INSTRUCTIONS

Who Must File. Generally, every insurance company, association, producer or attorney-in-fact of a reciprocal insurer that does business or collects premiums or assessments (including annuity considerations) in Maine, including surety companies and companies engaged in the business of credit insurance or title insurance, must file three estimated payment returns and an annual return.

- Captive insurers are not subject to the insurance premiums tax; instead, they must file corporate income tax returns. See Form 1120ME for details.
- A fraternal benefit society, order or lodge, as defined in 24-A M.R.S., section 4101(1) is exempt from Maine insurance premiums taxes.

When to File and Pay. The annual return and final tax payment for 2023 are due March 15, 2024. The return must include a copy of the National Association of Insurance Commissioners (“NAIC”) Schedule T and the NAIC Maine state page filed for the company.

Insurers must make estimated tax payments during the calendar year. Estimated tax payments for 2024 are due April 30, June 25, and October 31, 2024, and are filed using Form INS-1 (Maine Estimated Payment for Premiums and/or Workers’ Compensation Insurance Tax).

The payments due on April 30 and June 25 must each equal 35% of the total tax liability for 2023 or at least 35% of the total tax liability for 2024. The payment due on October 31 must equal 15% of the total tax liability for 2023 or 15% of the total tax liability for 2024 and the balance due must be submitted with the 2024 Form INS-4.

- An insurance company with an annual tax liability not exceeding \$1,000 is not required to file and pay estimated tax payments.
- Risk retention groups are not required to file and pay estimated tax payments, but must file an annual return (INS-4) and pay the tax due at that time.

Note: Taxpayers with annual tax liabilities of \$10,000 or more are required to remit tax payments electronically. See MRS Rule 102 on the MRS website at [www.maine.gov/revenue.publications/rules](http://www.maine.gov/revenue/publications/rules) for details.

Maine Electronic Filing. Use the Maine Tax Portal **TAX PORTAL** (“MTP”) to create and manage your Maine insurance premiums tax account, file tax returns, and pay Maine estimated premiums tax at revenue.maine.gov. If filing a paper return, make check payable to Treasurer, State of Maine and mail with return to: Maine Revenue Services, P.O. Box 1065, Augusta, ME 04332-1065. If not enclosing a payment, mail the return to: Maine Revenue Services, P.O. Box 1064, Augusta, ME 04332-1064.

Interest and Penalties. Beginning January 1, 2024, the interest rate is 10% per annum, compounded monthly. The penalty for failure to file a return on time is the greater of \$25 or 10% of the tax due, unless the return is filed more than 60 days after the receipt of a demand notice from the State Tax Assessor, in which case the failure-to-file penalty is the greater of \$25 or 25% of the tax due. The penalty for failure to pay a tax liability timely is 1% of the outstanding liability for each month or fraction thereof during which the failure continues, to a maximum of 25% of the outstanding liability.

Whole Dollar Amounts. Enter money items as whole dollar amounts. Round down to the next lower dollar any amount less than 50 cents. Round up to the next higher dollar any amount 50 cents or more. Do not enter dollar signs, commas, or decimals. **Due to scanning requirements, only original forms and schedules may be submitted.**

For Information and Forms:

Website: www.maine.gov/revenue
Telephone: (207) 624-9753
Monday-Friday, 9 a.m.- 12 p.m.
Order Forms: (207) 624-7894

Statutory References. Title 36 M.R.S. §§ 2512 through 2536.

Supporting Records. Taxpayers should be prepared to provide supporting documentation for reported amounts that are not supported directly by information in the NAIC Annual Statement. Adequate records must be maintained in a manner that ensures their accessibility by the State Tax Assessor for a period of at least six years.

Note: The Maine insurance premiums tax is in addition to the fire investigation and prevention tax (Form INS-5).

SPECIFIC INSTRUCTIONS

Part A - Maine Tax Computation

Lines 1a - 1h. Premium amounts to be reported: A premium is an amount paid or payable for an insurance policy, including all fees (except provider fees paid for service contracts). Enter the gross direct premiums for the line of business indicated on each line. Include premiums paid for reimbursement insurance policies (see 24-A M.R.S. § 7103(8)). Generally, Maine gross direct premiums and related fees are reported on line 20 of the NAIC Annual Statement, Schedule T.

Travel Insurance Premiums. Include on the applicable line, gross direct premiums on: travel insurance paid by a primary policyholder or certificate holder who is a resident of Maine; blanket travel insurance paid by a policyholder that is a resident of Maine or whose principal place of business is located in Maine; and, blanket travel insurance purchased for eligible blanket travel insurance group members by a policyholder's affiliate or subsidiary that has its principal place of business in Maine. Do not include amounts received for travel assistance services or cancellation fee waivers. Blanket travel insurance premiums may be apportioned or allocated across multiple taxing jurisdictions pursuant to rules in those jurisdictions that require or permit the insurer to use such methods, but only to the extent that the assessor determines that the required or permitted methods are reasonable and equitable. You must maintain records sufficient to document the state of residence or principal place of business of the policyholder or certificate holder and provide such records upon request.

Service contracts. Provider fees on service contracts are excluded from premiums subject to the insurance premiums tax. The Maine insurance premiums tax, however, does apply to premiums for reimbursement insurance policies issued to providers. See Title 24-A, Chapter 91 for more information regarding service contracts.

Line 1a. Accident and Health Premiums. Enter the gross direct accident and health premiums on risks located or resident in Maine.

Line 1b. Life Premiums. Enter the gross direct life premiums on risks located or resident in Maine.

Line 1c. Property and Casualty Premiums. Enter the gross direct property and casualty premiums on risks located or resident in Maine. Generally, property and casualty premiums are reported on the Maine State Page of the NAIC Annual Statement, column 1 and related finance and service charges are reported on Schedule T (Finance and Service Charges not Included in Premiums). Exclude direct workers' compensation premiums that are reported on line 1d below.

Line 1d. Workers' Compensation Premiums. Enter the gross direct workers' compensation premiums on risks located or resident in Maine. Generally, direct workers' compensation premiums are reported on the Maine State Page of the NAIC Annual Statement, column 1, line 16.

Line 1e. Title Insurance Premiums. Enter the gross direct title insurance premiums written on risks located or resident in Maine.

Line 1f. Annuity Considerations received this year. Enter annuity considerations received during the taxable year for the purchase of immediate or deferred annuities. Annuity considerations must be reported in the year in which the premium is paid by the annuitant, including payments made during the accumulation period for a deferred annuity. Tax on annuity considerations applies to annuity contracts issued on or after August 1, 1943.

Line 1g. Annuity Considerations received prior to January 1, 1999 taxable this year. Enter only annuity considerations annuitized during this taxable year that were received in a tax year ending prior to January 1, 1999 and on which no premiums tax has been paid. Annuity considerations received in tax years ending prior to January 1, 1999 on which no tax was paid in the year received must be taxed in the year in which an annuity is actually purchased. See 36 M.R.S. § 2513. Annuity considerations reported on this line must include both the amount paid by the policyholder and the interest credited to the account that accumulated over the years before the policy was annuitized. Any amounts such as charges and/or fees collected by the company may not be deducted in calculating the amount reported.

Line 1h. Other Premiums. Enter other premiums that are not already included in lines 1a through 1g.

Lines 2 - 6. See instructions for Schedule 1.

Tax on Net Premiums

Line 8a. Enter only the amount of net premiums on qualified group disability policies written by a large domestic insurer and included in line 7. A large domestic insurer (defined as an insurer domiciled in Maine with assets in excess of \$5,000,000,000 as reported on its annual statement) must pay tax at the rate of 2.55% on premiums on qualified group disability policies written.

Line 9a. Enter only the amount of net premiums on long-term care policies certified by the Superintendent of the Bureau of Insurance in accordance with 24-A M.R.S. § 5054 and qualified group disability policies included on line 7, but not included on line 8a. Long-term care policies that have not been certified are taxed at the rate of 2% and must, therefore, be included on line 10a. According to 36 M.R.S. § 2513, the term qualified group disability policies is limited to group health insurance policies properly reported as such in the insurer's annual statement and whose sole coverage is the full or partial replacement of an individual's income in the event of a disability. Policies that contain coverage in addition to replacement of income coverage are considered to solely provide replacement of income coverage as long as the premium related to the additional coverage is not more than 10% of the total premium charged.

Enclose supporting documentation if reporting gross direct premiums collected or contracted for long-term care policies certified by the Superintendent of the Bureau of Insurance in accordance with 24-A M.R.S. § 5054.

SPECIFIC INSTRUCTIONS (CONTINUED)

Line 10a. Enter the premiums from line 7 less premiums reported on lines 8a and 9a.

Part B - Retaliatory Tax Computation

Retaliatory taxes are assessed on foreign or alien insurers, licensed and doing business in Maine, whose state, U.S. possession, District of Columbia, or Canadian province of incorporation would assess, in the aggregate, an overall higher tax on a Maine insurer than Maine would assess, excluding the retaliatory tax, on such foreign or alien insurers operating in Maine. Enter on lines 12 through 15 the amounts from Form INS-4, Schedule 2, line 8 as indicated on these lines. See Schedule 2 instructions. The retaliatory tax is not imposed on foreign or alien insurers with no business activity in Maine during the taxable year.

Part C -Tax Due

Line 16. For foreign or alien insurers, the Maine insurance premiums tax is the greater of the tax imposed by Maine or the tax that would be imposed by the insurer's state, district or possession of the United States, or Canadian province of incorporation. Enter the greater of line 11 or line 15.

Lines 17 and 19. Tax Credits. A credit worksheet must be enclosed for each credit claimed on lines 17 and 19. Credit worksheets are available at www.maine.gov/revenue/tax-return-forms.

Line 17. Nonrefundable Tax Credits. Tax credits included on line 17 cannot exceed the amount of tax due. Unused portions of these credits may qualify to be carried forward to the next year. See the appropriate credit worksheets for more information. Enter the amount of credit for the: Pine Tree Development Zone credit (36 M.R.S. § 2529), credit for Maine Life and Health Guaranty Association (36 M.R.S. § 2530 and 24-A M.R.S. § 4621), and Employer Credit for Family and Medical Leave (36 M.R.S. § 2536). Also enter on this line unused portions of the employer-assisted day care (36 M.R.S.

§ 2524) and the credit for employer-provided long-term care benefits (36 M.R.S. § 2525-A) carried forward from prior years.

Line 19. Refundable Tax Credits. Enter the amount of the new markets capital investment credit (36 M.R.S. § 2533) and the credit for rehabilitation of historic properties (36 M.R.S. § 2534).

Line 20. Estimated Payments. Enter the overpayment carried forward from the previous tax year and any estimated payments made for the current tax year. Do not include any nonrefundable credits carried forward from prior years on this line.

Line 21. Balance Due. Any balance due must be paid in full with the return. Late payments are subject to interest and penalties (see general instructions). File the return and remit the payment using the Maine Tax Portal at revenue.maine.gov or mail a check payable to Treasurer, State of Maine with the return.

Note: Certain taxpayers with large annual tax liabilities are required to remit tax payments electronically. See MRS Rule 102 on the MRS website at www.maine.gov/revenue/publications/rules for details.

Line 22. Overpayment. If estimated payments and refundable tax credits exceed the tax liability, enter the overpayment on this line.

Line 23a. Portion of overpayment to be APPLIED to next year's tax. Use this line only if you want to have all or part of the overpayment on line 22 applied as an estimated payment to next year's Maine insurance premiums tax.

Line 23b. Portion of overpayment to be REFUNDED. Enter here the portion of the overpayment on line 22 to be refunded. The amount entered on this line must equal the difference between lines 22 and 23a.

Required Attachments

Copies of the following documents, which are required attachments of the taxpayer's Annual Statement filed with the Maine Bureau of Insurance, must also be attached to this return. Clearly identify all schedules and documents submitted with your MRS Insurance Premiums Tax Account Number. **Failure to include the required documentation may delay processing of the return.**

Domestic and Foreign Life Insurance Companies

- Summary of Operations
- Schedule T – Premiums and Annuity Considerations Allocated by States and Territories
- Direct Business in the State of Maine (Maine State Page)

Other Than Life Insurance Companies

- Exhibit of Premiums and Losses (Maine state page filed with Property & Casualty Annual Statement)
- Exhibit of Premiums, Enrollment and Utilization (Maine state page filed with Health Annual Statement)
- Schedule T, Part 1 – Exhibit of Premiums Written
- Operations and Investment Exhibit – Statement of Income (Title Insurers Only)

SCHEDULE 1 - DEDUCTIONS BY PREMIUM TYPE INSTRUCTIONS

(Include with your return supporting documentation for deductions claimed)

Column A. Direct Return Premiums. Enter on each line the amount of direct premiums for each insurance product line, as indicated in the line headings, that were returned to policyholders during the tax year. Include only returned premiums that were subject to Maine premiums tax in a prior year and returned premiums that were paid in 2023 and are included in Part A, line 1i. Payments made pursuant to a benefit provision of a policy are not return premiums, even if labeled as such.

Deductions for direct return premiums apply to deferred annuities only if the premiums tax was paid on a "front end" basis (i.e., the premium tax was paid in the year in which the premium was paid by the annuitant). Payments refunded to policyholders that were previously reported by the company as taxable annuity premiums may be deducted as returned premiums. However, only the previously taxed premiums, and not the earnings, may be deducted. If a deferred annuity contract is surrendered as part of the annuitization process, the previously taxed premiums included in the surrender may be deducted as returned premiums. The entire amount of the resulting immediate annuity will be taxable.

In the case of a partial surrender of an annuity contract, no deduction is allowed for return premiums unless, and until, the amount returned exceeds the accumulated earnings in the account. The deduction is further limited to the lesser of the amount of previously taxed considerations or the portion of the surrender exceeding the accumulated earnings.

Column B. Dividends Paid. This column does not apply to risk retention groups. Enter on each line the dividends paid to policyholders or credited on renewals during the year for each product line as indicated in the line headings. Dividends paid are generally found on the State Page of the NAIC Annual Statement. Dividends applied to the purchase of paid up additions are NOT deductible. Do not include dividends paid to policyholders or credited on renewals that relate to qualified

group disability policies or any other policies that are exempt from the Maine insurance premiums tax.

Enter the accident and health dividends paid to, or credited to, policyholders. These are generally reported on the Maine State Page of the NAIC report, line 25.6, column 3. Enter the sum of life insurance dividends paid in cash or left on deposit or applied to renewal premiums that are generally reported on the Maine State Page of the NAIC report, lines 6.1 and 6.2, column 5.

Column C. Qualified Pension Plans. This column does not apply to risk retention groups. Enter premiums exempt from taxation under qualified pension plans. Refer to 36 M.R.S. § 2514 for an explanation of premiums that are exempt from taxation. Do not deduct Roth IRAs established under IRC § 408-A.

Column D. Other Deductions. This column does not apply to risk retention groups. Enter exempt premiums not reported in columns B or C. Do not include premiums exempt under qualified pension plans; those amounts should be reported in column C. Include in this column any premiums that the State of Maine is prohibited from taxing pursuant to federal law, including premiums for health benefits through the Federal Employees Health Benefits program under Title 5 US Code § 8909(f), premiums paid to Medicare organizations under Title 42 US Code §§ 1395w-24(g), 1395w-112(g), or 1395mm(k) (4)(B) and premiums paid for crop insurance policies that are reinsured by the Federal Crop Insurance Corporation pursuant to Title 7 US Code § 1511. Attach a detailed explanation and any other documentation necessary to substantiate the amounts entered in this column. Cite relevant statute, court decision, or other legal basis supporting the deduction. If no explanation is provided, the deduction may be denied.

Column E. Totals. Combine the amounts entered in columns A, B, C, and D for each line. Follow the instructions on the schedule for entering amounts on line 8 on the appropriate lines on Form INS-4.

SCHEDULE 2 - RETALIATORY TAX INSTRUCTIONS

Schedule 2 is used to calculate the amount of tax imposed on Maine premiums by a company incorporated in another state, U.S. possession, District of Columbia, or a province of Canada.

Column A. Gross Premiums. Enter on each line for each product line the amount of gross direct premiums and related fees from business transacted in Maine that would be subject to tax in accordance with the laws of your state of incorporation (or U.S. possession, District of Columbia, or province of Canada) had the premiums and fees been from business transacted in the state of incorporation. Enter the sum of lines 1 through 7 on line 8 and on Part B, line 12.

Column B. Allowable Deductions. Enter on each line for each product line deductions allowable for Maine insurance premiums tax purposes calculated in accordance with the laws of your state of incorporation (or U.S. possession, District of Columbia, or province of Canada). Attach a detailed explanation and any other documentation necessary to substantiate the amounts entered in this column. Cite relevant statute, court decision, or other legal basis supporting the deduction. If no explanation is provided, the deduction may be denied. Attachments should include your company name

and MRS Insurance Premiums Tax Account Number. Enter the sum of lines 1 through 7 on line 8 and on Part B, line 13.

Column C. Net Taxable Premiums. Subtract column B from column A for lines 1 through 7. Enter the sum of lines 1 through 7 on line 8 and on Part B, line 14.

Column D. Tax Rate - State of Incorporation. Enter the tax rate of your state of incorporation (or U.S. possession, District of Columbia, or province of Canada) for each insurance listed on lines 1 through 7.

Column E. Annual Tax Due. Multiply column C by column D for lines 1 through 7. For each line, enter the greater of the product of columns C and D or the minimum tax your state of incorporation (or U.S. possession, District of Columbia, or province of Canada) would impose on the business reported in that column. In calculating the minimum tax, do not include fees imposed by your state of incorporation (or U.S. possession, District of Columbia, or province of Canada). Enter the sum of lines 1 through 7 on line 8 and on Part B, line 15.