

# 2016 Insurance Company Annual Return for Corporate Income and Retaliatory Taxes

Issued under authority of Public Act 38 of 2011.

1. Taxpayer Name				2. Federal Employer Identification Number (FEIN)	
Address (Number, Street)				3. <input type="checkbox"/> Check if Foreign Insurer	
City	State	ZIP/Postal Code	Country Code	4. State of Incorporation (use 2 letter abbreviation)	

## DIRECT PREMIUMS WRITTEN IN MICHIGAN

5. Gross direct premiums written in Michigan.....					5. <input style="width: 80px;" type="text"/>	00
6. Premiums on policies not taken.....	6.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
7. Returned premiums on canceled policies.....	7.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
8. Receipts on sales of annuities.....	8.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
9. Receipts on reinsurance assumed (see instructions).....	9.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
10. Add lines 6 through 9.....	10.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
11. <b>Direct Premiums Written in Michigan.</b> Subtract line 10 from line 5. If less than zero, enter zero .....	11.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00

## DISABILITY INSURANCE EXEMPTION

12. Disability insurance premiums written in Michigan, not including credit or disability income insurance premiums, OR \$190,000,000, whichever is less .....					12. <input style="width: 80px;" type="text"/>	00
13. Gross direct premiums from all lines of insurance carrier services received everywhere .....	13.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
14. Phase out .....	14.	280,000,000		<input style="width: 20px;" type="text"/>		00
15. Subtract line 14 from line 13. If less than zero, enter zero .....	15.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
16. Exemption reduction. Multiply line 15 by 2 .....	16.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
17. Subtract line 16 from line 12. If less than zero, enter zero .....	17.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
18. Adjusted Tax Base. Subtract line 17 from line 11 .....	18.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
19. <b>Tax before credits.</b> Multiply line 18 by 1.25% (0.0125).....	19.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00

## CREDITS

20. Enter amounts paid from 1/1/2015 to 12/31/2015 to each of the following						
a. Michigan Workers' Compensation Placement Facility .....	20a.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
b. Michigan Basic Property Insurance Association .....	20b.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
c. Michigan Automobile Insurance Placement Facility .....	20c.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
d. Property and Casualty Guaranty Association .....	20d.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
e. Michigan Life and Health Insurance Guaranty Association .....	20e.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
21. Add lines 20a through 20e.....	21.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
22. a. Michigan Examination Fees .....	22a.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
b. Credit. Multiply line 22a by 50% (0.50).....	22b.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
23. Tax liability before recapture. Subtract lines 21 and 22b from line 19. If less than or equal to \$100, enter zero ...	23.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
24. Recapture. Enter amount from Form 4902, line 18 .....	24.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00
25. <b>Total Michigan Tax.</b> Add lines 23 and 24 .....	25.	<input style="width: 80px;" type="text"/>		<input style="width: 20px;" type="text"/>		00

**Return is due March 1, 2017.**

**WITHOUT PAYMENT:** Mail return to:  
Michigan Department of Treasury  
PO Box 30803  
Lansing MI 48909

**WITH PAYMENT:** Pay amount on line 52 and mail check and return to:  
Michigan Department of Treasury  
PO Box 30804  
Lansing MI 48909

Make check payable to "State of Michigan." Print taxpayer's FEIN, the tax year, and "CIT" on the front of the check. Do not staple the check to the return.



# Instructions for Form 4905

## Insurance Company Annual Return for Corporate Income and Retaliatory Taxes

### Purpose

To calculate the tax liability and to claim credits for insurance companies for both Corporate Income and Retaliatory Taxes.

### Line-by-Line Instructions

Lines not listed are explained on the form.

Do not enter data in boxes filled with Xs.

**Amended Returns:** To amend a current or prior year annual return, complete the *Insurance Company Amended Return for Corporate Income and Retaliatory Taxes* (Form 4906) that is applicable for that year, and attach a separate sheet explaining the reason for the changes. Complete and file all schedules, all forms and all attachments filed with the original return, even if not amending information on a particular form or schedule. Include a copy of an amended federal return or a signed and dated Internal Revenue Service (IRS) audit document, if applicable. **Do not include a copy of the original return with the amended return.** Find detailed instructions on Form 4906.

**Line 1:** Enter the complete name and address including the two-digit abbreviation for the country code. See the list of country codes in the *Corporate Income Tax (CIT) Forms and Instructions for Insurance Companies* (Form 4904).

**NOTE:** Any correspondence regarding the return filed and/or refund will be sent to the address provided on this form. The taxpayer's primary address in Treasury files, identified as the legal address and used for all purposes other than refund and correspondence on a specific CIT return, will not change unless the taxpayer files a *Notice of Change or Discontinuance* (Form 163) with Treasury.

**FOREIGN FILERS:** Complete the address fields as follows:

**Address:** Enter the postal address for this taxpayer.

**City:** Enter the city name for this taxpayer. DO NOT include the country name in this field.

**State:** Enter the two-letter state or province abbreviation. If there is no applicable two-letter abbreviation, leave this field blank.

**ZIP/Postal Code:** Enter the ZIP Code or Postal Code.

**Country Code:** Enter the two-letter country code provided in this tax booklet.

**Line 2:** Enter the taxpayer's Federal Employer Identification Number (FEIN). Be sure to use the same account number on all forms. The taxpayer FEIN from line 2 must be repeated in the proper location on page 2.

**NOTE:** Unless already registered, taxpayers must register with the Michigan Department of Treasury before filing a tax return. Taxpayers are encouraged to register online at [www.michigan.gov/businessstaxes](http://www.michigan.gov/businessstaxes). Taxpayers that register with Treasury online receive their registration confirmation within seven days.

If the taxpayer does not have an FEIN, the taxpayer must obtain an FEIN before filing the CIT. The Web site [www.michigan.gov/businessstaxes](http://www.michigan.gov/businessstaxes) provides information on obtaining an FEIN.

**Returns received without a registered account number will not be processed until such time as a number is provided.**

**Line 3:** Check this box if the company is a foreign insurer. Alien insurers are considered foreign insurers, unless their port of entry is Michigan, in which case the company is considered domestic for the filing of this return.

**Line 4:** Alien insurers, enter the two-letter postal code for the U.S. state that is your port of entry.

**Line 5:** Enter all gross direct premiums written on property or risk located or residing in Michigan.

**Line 6:** Enter premiums on policies not taken to the extent these premiums were included in line 5.

**Line 7:** Enter returned premiums on canceled policies to the extent these premiums were included in line 5.

**Line 8:** Enter receipts on sales of annuities to the extent these receipts were included in line 5.

**Line 9:** Enter receipts on reinsurance premiums assumed to the extent these receipts were included in line 5, and only if tax was paid on the original premiums.

**Line 12:** "Disability insurance" includes any policy or contract of insurance against loss resulting from sickness or from bodily injury or death by accident, or both, including also the granting of specific hospital benefits and medical, surgical and sick-care benefits to any person, family or group, subject to certain exclusions.

The exclusion for disability insurance premiums does not include credit insurance or disability income insurance premiums.

### CREDITS

**Line 20:** Enter the amounts paid to the listed facilities or associations from January 1, 2015, to December 31, 2015, the year immediately preceding the 2016 tax year, including special assessments. Net the amounts paid and refunds received during the 2015 tax year for the same facility or association. If refunds received exceed the amount paid in the year for the same facility or association, enter zero.

**Line 20c Update due to 2016 PA 278:** For the 2016 tax year, only include in the calculation of this credit 35% of the amounts paid to the Michigan Automobile Insurance Placement Facility (MAIPF) that are attributable to the assigned claims plan approved under Chapter 31 of the Insurance Code of 1956. For tax years beginning on and after January 1, 2017, no amounts paid to the MAIPF that are attributable to the assigned claims plan shall be included in the calculation of the credit.

**Line 22a:** Enter the amount of Michigan Examination Fees paid in 2015 (under Michigan Compiled Law 500.224).

**Line 24:** Enter the amount of recapture from line 20 of Form 4902. Include a copy of Form 4902.

### Retaliatory Instructions

**For foreign and alien insurers only; domestic insurers skip lines 26 through 40.**

Do not mail this return with the Michigan Annual Financial Statement, and do not send the annual statement filing fee with this return. The taxpayer will be billed separately for the annual statement filing fee by the Department of Insurance and Financial Services.

Foreign insurers must pay to Michigan the same type of obligation a similar Michigan insurer is required to pay in the company's state of domicile. Enter all items that are required of a Michigan insurance company. Some taxes and obligations imposed in other states may have no corresponding requirement in Michigan; however, this does not relieve the foreign insurer from the obligation of computing and paying the correct amount of the tax.

Do not include the following Michigan assessments, or comparable assessments in the company's state of incorporation, in the retaliatory calculation:

- Michigan Worker's Compensation Placement Facility
- Michigan Basic Property Insurance Association
- Michigan Automobile Insurance Placement Facility
- Property and Casualty Guaranty Association
- Michigan Life and Health Insurance Guaranty Association
- Catastrophic Claims Association
- Assessment under Health Insurance Claims Assessment Act (HICAA).

**Line 26:** Enter the tax a Michigan company would pay to the taxpayer's state of incorporation if it conducted the same amounts and types of business there as the taxpayer is conducting in Michigan. Attach a copy of the state of incorporation's tax form on which this pro forma tax on the hypothetical Michigan company was calculated.

**Lines 28 through 38:** In column A, "State of Incorporation," enter the amounts that would be paid by a hypothetical Michigan insurance company doing the same types and amounts of business in the taxpayer's home state that the taxpayer is doing in Michigan. In column B, "Michigan," enter actual amounts paid by the taxpayer to Michigan.

**Line 38:** Attach a detailed schedule of assessments.

**Line 40:** Subtract line 39, column B, from line 39, column A. If less than zero, enter zero.

### PAYMENTS, REFUNDABLE CREDITS, AND TAX DUE

**Line 43:** Enter the total tax paid with the quarterly estimated tax returns.

**Line 44:** Enter the total withholding payments made on the taxpayer's behalf by Flow-Through Withholding (FTW) entities. Include all withholding payments made on returns that apply to the tax year included in this return. Included on this line would be FTW payments made by flow-through entities (FTEs) whose tax years ended with or within the tax year included in this return. For example, a calendar year filer would include FTW payments made by an FTE whose tax year ended on any day within the calendar year covered by this return. Any FTE that has withheld on behalf of the taxpayer should have provided the taxpayer with the necessary details for its records.

If an amount is entered on this line, complete the *CIT Schedule of Flow-Through Withholding* (Form 4911) to account for the FTW payments received. The amount entered on this line must equal the sum of the combined amount from Form 4911, column E.

**NOTE:** Flow-through withholding is repealed effective with FTEs' tax years **beginning after June 30, 2016**, Public Act 158. A CIT taxpayer should not have had any tax withheld on its behalf by FTEs with tax years beginning after June 30, 2016.

**Line 46:** The Worker's Disability Supplemental Benefit (WDSB) Credit is available to an insurance company subject to the Worker's Disability Compensation Act of 1969. The credit is equal to the amount paid during that tax year by the insurance company pursuant to Section 352 of the act, as certified by the director of the Worker's Compensation Agency, Department of Licensing and Regulatory Affairs (LARA), during the tax year. The amount of the credit is provided to taxpayers by LARA. For more information on WDSB credit eligibility, contact LARA, Workers' Compensation Agency, by phone at 1-888-396-5041, by e-mail at [winfo@michigan.gov](mailto:winfo@michigan.gov), or visit the LARA Web site at [www.michigan.gov/wca](http://www.michigan.gov/wca).

**Line 49:** If penalty and interest are owed for not filing estimated returns or for underestimating tax, complete the *CIT Penalty and Interest Computation for Underpaid Estimated Tax* (Form 4899), to compute penalty and interest due. If a taxpayer chooses not to file Form 4899, Treasury will compute penalty and interest and bill for payment. (Form 4899 is available on the Web at [www.michigan.gov/treasuryforms](http://www.michigan.gov/treasuryforms).)

**Line 50:** Refer to the "Computing Penalty and Interest" section in Form 4904 to determine the annual return penalty rate and use the following Overdue Tax Penalty worksheets.

#### WORKSHEET – OVERDUE TAX PENALTY

A. Tax due from Form 4905, line 48 .....		<b>00</b>
B. Late or insufficient payment penalty percentage .....		<b>%</b>
C. Multiply line A by line B.....		<b>00</b>

Carry amount from line C to Form 4905, line 50.

**Line 51:** Use the following worksheet to calculate Overdue Tax Interest.

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**WORKSHEET – OVERDUE TAX INTEREST**

A. Tax due from Form 4905, line 48 .....		<b>00</b>
B. Applicable daily interest percentage ..		<b>%</b>
C. Number of days return was past due ...		
D. Multiply line B by line C .....		
E. Multiply line A by line D .....		<b>00</b>

Carry amount from line E to Form 4905, line 51.

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**NOTE:** If the late period spans more than one interest rate period, divide the late period into the number of days in each of the interest rate periods identified under the “Computing Penalty and Interest” section in Form 4904 and apply the calculations in the Overdue Tax Interest worksheet separately to each portion of the late period. Combine these interest subtotals and carry the total to Form 4905, line 51.

**Line 53:** If the amount of the tax overpayment, less any penalty and interest due on lines 49, 50 and 51, is less than zero, enter the difference (as a positive number) on line 52.

**NOTE:** If an overpayment exists, a taxpayer must elect a refund of all or a portion of the amount and/or designate all or a portion of the overpayment to be used as an estimate for the next CIT tax year. Complete lines 54 and 55 as applicable.

**Line 54:** If the taxpayer anticipates a CIT or Retaliatory Tax liability in the filing period subsequent to this return, some or all of any overpayment from line 53 may be credited forward to the next tax year as an estimated payment. Enter the desired amount to use as an estimate for the next CIT tax year.

**Reminder:** Taxpayers must sign and date returns. Tax preparers must provide a Preparer Taxpayer Identification Number (PTIN), FEIN or Social Security number (SSN), a business name, and a business address and phone number.

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**Other Supporting Forms and Schedules**

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The following forms and their requested attachments should be included as part of this return, as applicable:

- Proof of payment for any items listed in the “Michigan” column for lines 35 through 38.
- Worker’s Disability Supplemental Benefit (WDSB) Certificate.
- **California insurers** must include Bureau of Fraudulent Claims assessments.
- **New York domiciled companies** must file and pay a tentative retaliatory tax to Michigan by the Michigan annual return due date (March 1). Form 4905 must be filed after the actual CT33 is filed with New York. Transfer the CT33 numbers onto the Form 4905 and attach a copy of the CT33 to substantiate the taxpayer’s claim.