

# 2021 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

See instructions before completing lines 5 through 23.

	A		B	
	Qualified Health Ins. Policies		All Other Policies	
5. Gross direct premiums written in Michigan.....	5.	00	00	00
6. Premiums on policies not taken.....	6.	00	00	00
7. Returned premiums on canceled policies.....	7.	00	00	00
8. Receipts on sales of annuities.....	8.	00	00	00
9. Receipts on reinsurance assumed (see instructions).....	9.	00	00	00
10. Add lines 6 through 9.....	10.	00	00	00
11. <b>Direct Premiums Written in Michigan.</b> Subtract line 10 from line 5. If less than zero, enter zero.....	11.	00	00	00

## DISABILITY INSURANCE EXEMPTION

12. Disability insurance premiums written in Michigan, not including credit or disability income insurance premiums (see instructions).....	12.	00	00
13. Proportional share of limit and phase-out. <b>Column A:</b> Divide line 12, column A, by the sum of line 12, columns A and B. <b>Column B:</b> Divide line 12, column B, by the sum of line 12, columns A and B.....	13.	%	%
14. Enter the sum of all disability insurance premiums from both columns of line 12 OR \$190,000,000, whichever is less.....	14.	00	00
15. Gross direct premiums from insurance carrier services everywhere.....	15.	00	00
16. Phase out.....	16.	280,000,000	00
17. Subtract line 16 from line 15. If less than zero, enter zero.....	17.	00	00
18. Exemption reduction. Multiply line 17 by 2.....	18.	00	00
19. Subtract line 18 from line 14. If less than zero, enter zero.....	19.	00	00
20. Allocated reduced exemption. <b>Column A:</b> Multiply line 19 by the percentage on line 13, column A. <b>Column B:</b> Multiply line 19 by the percentage on line 13, column B.....	20.	00	00
21. Adjusted tax base. <b>Column A:</b> Subtract line 20, column A, from line 11, column A. <b>Column B:</b> Subtract line 20, column B, from line 11, column B.....	21.	00	00
22. Multiply line 21, column A, by 0.4835% and column B by 1.25% (0.0125).....	22.	00	00
23. Tax before credits. Add line 22, columns A and B.....	23.	00	00

## CREDITS

24. Enter amounts paid from 1/1/2020 to 12/31/2020 to each of the following:			
a. Michigan Workers' Compensation Placement Facility.....	24a.	00	00
b. Michigan Basic Property Insurance Association.....	24b.	00	00
c. Michigan Automobile Insurance Placement Facility.....	24c.	00	00
d. Property and Casualty Guaranty Association.....	24d.	00	00
e. Michigan Life and Health Insurance Guaranty Association.....	24e.	00	00
25. Add lines 24a through 24e.....	25.	00	00
26. Michigan Examination Fees or Regulatory Fee.....	26.	00	00
27. Credit. Multiply line 26 by 50% (0.50).....	27.	00	00
28. Tax liability before recapture. Subtract line 25 and line 27 from line 23. If less than or equal to \$100, enter zero.	28.	00	00
29. Total Recapture of Certain Business Tax Credits from Form 4902.....	29.	00	00
30. <b>Total Michigan Tax.</b> Add line 28 and line 29.....	30.	00	00



# Instructions for Form 4905

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

### Purpose

To calculate premiums tax levied on insurance companies under the Corporate Income Tax and to claim credits against that tax. Foreign insurers must also compare burdens in order to determine if retaliatory tax is due, and calculate that tax, if due.

### Effects of Public Act 222 of 2018

PA 222 of 2018 amended MCL 206.635, which levies a tax on insurance companies equal to 1.25% of gross direct premiums written on risk located or residing in Michigan. For the 2021 tax year, gross direct premiums attributable to qualified health insurance premiums are taxed at 0.4835 percent. (See the instructions under “Direct Premiums Written in Michigan” for a definition of qualified health insurance policies.) The remaining portion of the tax base is still taxed at 1.25%.

### 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.

### Direct Premiums Written in Michigan

**NOTE: For line 5 through line 13 and line 20 through line 22, complete Column A to report Qualified Health Insurance Policies and Column B to report all other policies.**

“Qualified health insurance policies” means policies written on risk located or residing in this state that are one of the following types of policies:

- (a) Comprehensive major medical, regardless of whether the policy is eligible for a health savings account or purchased on the health insurance marketplace.
- (b) Student.
- (c) Children’s health insurance program.
- (d) Medicaid.
- (e) Employer comprehensive, regardless of whether the policy is eligible for a health savings account or purchased on the health insurance marketplace.
- (f) Multiple employer associations or trusts and any other employer associations and trusts.

Qualified Health Insurance Policies are taxed at a special rate, determined annually using a statutory formula.

**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.

### DISABILITY INSURANCE EXEMPTION

**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.

**Line 22, Column A:** Multiply line 21 by 0.4835 percent (0.004835).

**Line 22, Column B:** Multiply line 21 by 1.25 percent (0.0125).

### CREDITS

**Line 24:** Enter the amounts paid to the listed facilities or associations from January 1, 2020, to December 31, 2020, including special assessments. Net the amounts paid and refunds received during 2020 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 24c:** For tax years beginning on and after January 1, 2020, amounts paid to the Michigan Automobile Insurance Placement Facility (MAIPF) that are attributable to the assigned claims plan shall not be included in the calculation of this credit.

**Line 26:** Enter the amount of Michigan Examination Fees or Regulatory Fees paid in 2021 (under Michigan Compiled Law 500.224).

**Line 29:** Enter the Total Recapture of Certain Business Tax Credits from Form 4902. Include a copy of Form 4902.

### Retaliatory Instructions

**For foreign and alien insurers only; domestic insurers skip lines 31 through 45.**

Do not mail this return with the Michigan Annual Financial Statement.

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 31:** 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 33 through 43:** 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.

**Lines 38 and 40-43:** In column B, “Michigan,” enter the actual amounts paid by the taxpayer to Michigan.

**Line 43:** Attach a detailed schedule of assessments.

**Line 45:** Subtract line 44, column B, from line 44, column A. If less than zero, enter zero.

### PAYMENTS, REFUNDABLE CREDITS, AND TAX DUE

**Line 48:** Enter the total tax paid with the quarterly estimated tax returns.

**Line 50:** Report here Michigan Tax withheld for deferred compensation plans, life insurance and/or lottery annuities issued to a business account number through MCL 206.703(1). Taxpayers can enter the Michigan Tax withheld reported on the W-2G and/or 1099R.

**Line 51:** 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 email 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 54:** 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 55:** 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 53 .....		<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 55.

**Line 56:** Use the following worksheet to calculate Overdue Tax Interest.

**WORKSHEET – OVERDUE TAX INTEREST**

A. Tax due from Form 4905, line 53 .....		<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 56.

**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 55.

**Line 58:** If the amount of the tax overpayment, less any penalty and interest due on lines 54, 55 and 56, is less than zero, enter the difference (as a positive number) on line 58.

**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 59 and 60 as applicable.

**Line 59:** 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 58 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.

**Other Supporting Forms and Schedules**

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 40 through 43.
- 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.