GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF INSURANCE AND SECURITIES REGULATION
INSURANCE BUREAU

FINANCIAL EXAMINATION DIVISION
810 FIRST ST., N.E. , SUITE 701
WASHINGTON, D.C. 20002

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BULLETIN
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PREMIUM TAX UPDATE **No changes in current year**

The purpose of this Bulletin is to provide an update to the District of Columbia premium tax statutes, pursuant to the "Omnibus Regulatory Reform Act of 1998," D.C. Law 12-86, D.C. Codes § 47-2608, § 31-205 (as amended). These changes were effective January 1, 1999.

1. Premium Tax Rate: 1.7% (including marine insurance)

Premium tax rate for all licensed insurance companies, including registered Risk Retention Groups and Risk Purchasing Groups decreased, from 2.25% to 1.7%. By department policy the premium tax rate applies to marine insurance.

2. Installment Payment Schedule

One single installment payment for the year due June 1.

3. Tax Exemptions or Deductions

(a) All annuity considerations exempt from premium tax.

(b) Policies or insurance contracts qualified under IRS Code sections 401, 403, 404, 408, or 501(a) and used in connection with a pension annuity, profit sharing plan or IRA.

Effective January 1, 1999 all annuity considerations, both front-end and back-end, and qualified premiums were exempt from premium tax in the District of Columbia. Any front-end annuity premium taxes collected from contractholders but not paid to the D.C. Treasurer should be returned to contractholders. As of calendar year 1999, no refunds are being granted for annuity considerations of any type.

4. Taxable Entities at 1% of Gross Amount of Subscriber Contracts

- **Hospital Service Corporations**
- **Medical Service Corporations**
- **Pharmaceutical Service Corporations**
- **Optometric Service Corporations**
- **Any other Health Service Corporation**

  - **Deductions granted for returned subscription fees**

Effective January 1, 1999 the above entities became subject to premium tax at 1% of gross subscription fees.

If you have any questions concerning insurance taxes, you are requested to direct them to the Insurance Tax Unit, telephone (202) 442-7772 or, (202) 727-8000.

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