

2016
North Carolina
Self-Insured Workers' Compensation Corporation
Gross Premium Tax Return Instructions

Part 1 – Computation of Gross Premium Tax

Line 1 – Adjusted Taxable Premiums

Complete Part 5 and enter Total Adjusted Taxable Premiums from Part 5 on Line 1.

Line 2 – Gross Premium Tax

Multiply the amount on Line 1 by 2.5% (.025).

Line 3 – Tax Credits

- a. **Guaranty Fund** – Enter the amount of credit available shown on the tax offset notice provided by the North Carolina Insurance Guaranty Association or the North Carolina Life & Health Insurance Guaranty Association. Payments made to the North Carolina Insurance Guaranty Association or the North Carolina Life & Health Insurance Guaranty Association can be taken as a credit against the Gross Premium Tax. The credit is taken in 5 equal installments, the first of which can be taken in the year following the year in which the payment is made. The credit cannot exceed the Gross Premium Tax for the year. Tax offset notices are provided annually by the associations referenced above. **A copy of the tax offset notice must be attached.**
- b. **CD-425/NC-478** – Enter the total credits claimed (excluding guaranty fund credits). Credits available are Supplemental Workers' Compensation Credits, Credit for Investing in Renewable Energy Property, remaining installments and/or carryforwards of Article 3A Credits, Article 3J Credits, Article 3E Credits, and Article 3H Credits. **A copy of Form CD-425 and/or Form NC-478 and applicable NC-478 Series in support of credits claimed must be attached.**

Line 4 – Gross Premium Tax Liability

Subtract Line 3a plus Line 3b from Line 2. **IMPORTANT.** If your Gross Premium Tax Liability is \$10,000 or more, you are required to remit three equal quarterly installments during the succeeding year. The installments are due April 15, June 15 and October 15 and are submitted with Form IB-44.

Line 5 – Prior Year Credit Applied to 2016

Enter the amount from Line 11 of the 2015 Form IB-43.

Line 6 – Gross Premium Tax Installment Payments

Enter the total Gross Premium Tax installment payments made during the year. Installment payments are due April 15, June 15 and October 15. Each installment must be equal to 33 1/3% of the tax liability for the first preceding tax year.

Line 7 – Balance of Gross Premium Tax Due

Subtract Line 5 plus Line 6 from Line 4. If the total of Line 5 plus Line 6 is less than Line 4, additional tax is due. If the total of Line 5 plus Line 6 is more than Line 4, enter the amount of overpayment on Line 10.

Line 8 (a) – Penalties

a. Failure to File Penalty

Any annual return or installment form not filed by its respective due date is subject to a penalty of 5% of the amount due for each month, or part of a month, the return or form is late. The maximum penalty is 25% of the amount due. There is no provision for an extension of time to file annual returns or installment forms.

b. Failure to Pay Penalty

Any payment of tax that is due with the annual return or as an installment and is made after the statutory due date of the respective payment is subject to a late payment penalty of 10% of the unpaid amount. There is no provision for an extension of time to pay the amount of tax due.

c. Other Penalties

Other penalties, such as negligence, fraud, or filing a frivolous return may be assessed. In addition, a taxpayer may be subject to criminal penalties such as fraud with intent to evade or defeat the tax, and willful failure to file a return, supply information, or pay the tax.

Line 8 (b) – Interest

Interest at the rate established by G.S. 105-241.21 accrues on taxes paid after the due date. See the Department’s website, www.dorn.com, for the current interest rate.

Line 9 – Total Gross Premium Tax Due

Add Lines 7, 8a and 8b.

Line 10 – Overpayment

If the total of Line 5 plus Line 6 is more than Line 4, enter the amount of overpayment here.

Line 11 – Amount of Line 10 to be Applied to 2017 Gross Premium Tax

Enter the portion of the overpayment on Line 10 that is to be applied to the 2017 Gross Premium Tax liability. The amount of overpayment may be applied in total or in part to the 2017 Gross Premium Tax liability.

Line 12 – Gross Premium Tax to Be Refunded

Subtract Line 11 from Line 10.

Part 2 – Computation of Insurance Regulatory Charge

Line 13 – Gross Premium Tax Liability

Enter the Gross Premium Tax Liability amount from Part 1, Line 2.

Line 14 – Insurance Regulatory Charge

Multiply Line 13 by 6.5% (.065).

Line 15 – Prior Year Credit Applied to 2016

Enter the amount from Line 21 of the 2015 Form IB-43.

Line 16 – Insurance Regulatory Charge Installment Payments

Enter the total Insurance Regulatory Charge installment payments made during the year. Installment payments are due April 15, June 15 and October 15. Each installment payment must be equal to 33 1/3% of the tax liability for the first preceding tax year.

Line 17 – Balance of Insurance Regulatory Charge Due

Subtract Line 15 plus Line 16 from Line 14. If the total of Line 15 plus Line 16 is less than Line 14, additional Insurance Regulatory Charge is due. If the total of Line 15 plus Line 16 is more than Line 14, enter the amount of overpayment on Line 20.

Line 18 (a) – Penalties**a. Failure to File Penalty**

Any annual return or installment form not filed by its respective due date is subject to a penalty of 5% of the amount due for each month, or part of a month, the return or form is late. The maximum penalty is 25% of the amount due. There is no provision for an extension of time to file annual returns or installment forms.

b. Failure to Pay Penalty

Any payment of tax that is due with the annual return or as an installment and is made after the statutory due date of the respective payment is subject to a late payment penalty of 10% of the unpaid amount. There is no provision for an extension of time to pay the amount of tax due.

c. Other Penalties

Other penalties, such as negligence, fraud, or filing a frivolous return may be assessed. In addition, a taxpayer may be subject to criminal penalties such as fraud with intent to evade or defeat the tax, and willful failure to file a return, supply information, or pay the tax.

Line 18 (b) – Interest

Interest at the rate established by G.S. 105-241.21 accrues on taxes paid after the due date. See the Department's website, www.dorn.com, for the current interest rate.

Line 19 – Total Insurance Regulatory Charge Due

Add Lines 17, 18a and 18b.

Line 20 – Overpayment

If the total of Line 15 plus Line 16 is more than Line 14, enter the amount of overpayment here.

Line 21 – Amount of Line 20 to be Applied to 2017 Insurance Regulatory Charge

Enter the portion of the overpayment on Line 20 that is to be applied to the 2017 Insurance Regulatory Charge liability. The amount of overpayment may be applied in total or in part to the 2017 Insurance Regulatory Charge liability.

Line 22 – Insurance Regulatory Charge to be Refunded

Subtract Line 21 from Line 20.

Part 3 – Amount Due**Line 23 – Total Payment Due for 2016**

Add Lines 9 and 19. **An overpayment in one part cannot be used to offset an amount due in the other part.**

Part 4 – Installment Payments Made

G.S. 105-228.5(f) requires that taxpayers with a premium tax liability of ten thousand dollars (\$10,000) or more for business done in North Carolina during the immediately preceding year shall remit three equal quarterly installments with each installment equal to at least thirty-three

and one-third percent (33 1/3%) of the premium tax liability incurred in the immediately preceding taxable year. The quarterly installment payments shall be made on or before April 15, June 15, and October 15 of each taxable year.

Follow the line instructions on the return to complete line items 1-5.

Part 5 – Adjusted Taxable Premiums Calculation

Standard job class descriptions and job class codes are established by the National Council on Compensation Insurance. Taxable percentages to be used in the calculation of taxable premiums for each specific job class are established by the North Carolina Rate Bureau. The Experience Modification Factor is also established by the North Carolina Rate Bureau and is usually “1.00000”. However, a company may petition the North Carolina Rate Bureau for an adjusted factor. The table of job class descriptions, job class codes, and taxable percentages to be used in completing the 2016 Gross Premium Tax Return is available at <http://www.dornc.com/downloads/insurance.html>.

Job Class Description Column

Using the rates table at <http://www.dornc.com/downloads/insurance.html>, enter the Job Class Description of each job performed by the company.

Job Class Column

Using the rates table at <http://www.dornc.com/downloads/insurance.html>, enter the Job Class code that corresponds with the Job Class Description entered in the Job Class Description column.

***Note:** For Job Class codes 0908 and 0913, contact the Department at 919-754-2600 for special instructions.*

Taxable Percentage Column

Using the rates table at <http://www.dornc.com/downloads/insurance.html>, enter the Taxable Percentage for each Job Class code entered in the Job Class column.

Payroll Amount Column

Enter the amount of payroll paid by the company in 2016 for each Job Class code.

Taxable Premiums Column

Multiply the Payroll Amount for each specific Job Class code by the Taxable Percentage for that Job Class code.

Total Taxable Premiums

Enter the total amount of Taxable Premiums from the Taxable Premiums column.

Approved Experience Modification Factor

Enter “1.00000” or the company’s Approved Experience Modification Factor. If the Approved Experience Modification Factor used is not “1.00000”, attach a copy of the document(s) issued by the North Carolina Rate Bureau supporting the factor used.

Total Adjusted Taxable Premiums

Multiply the Total Taxable Premiums by the company’s Approved Experience Modification Factor. Enter the amount of Total Adjusted Taxable Premiums on Part 1, Line 1.

Calculation Example:

Job Class Description	Job Class	Taxable Percentage (00.00000%)	Payroll Amount	Taxable Premiums
Farm: Nursery Employees & Drivers	0005	3.06342	\$100,000.00	\$ 3,063.42
Farm: Field Crops & Drivers	0037	3.66732	\$500,000.00	\$18,336.60
			Total Taxable Premiums	\$21,400.02
			Approved Experience Modification Factor	1.00000
			Total Adjusted Taxable Premiums	\$21,400.02