### Rules of
**Department of Insurance**
**Division 200—Financial Examination**
**Chapter 3—Insurance Taxes Other Than Surplus Lines**

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Title 20—DEPARTMENT OF INSURANCE
Division 200—Financial Examination
Chapter 3—Insurance Taxes Other Than Surplus Lines

20 CSR 200-3.010 Reporting of Flexible Payment Deferred Annuity Contract Premiums

PURPOSE: This rule recognizes that flexible payment deferred annuities differ from traditional fully guaranteed fixed-premium, fixed-benefit annuity contracts in that—the full risk on the contract may not be determinable and may not attach to the insurer; and the total premium is not paid until it is applied to provide annuity payment. This rule was adopted pursuant to the provisions of section 374.045, RSMo and to implement sections 148.310, 148.320, 148.330, 148.340, 148.350, 148.360, 148.370, 148.380, 148.390, 148.400, 148.410, 148.420, 148.430 and 376.350, RSMo.

(1) Definition. A flexible payment deferred annuity is defined as a contract which provides for the payment of a guaranteed or variable annuity or both with the amount of the annuity determined, not at date of issue, but at the annuity commencement date by the value at that time of the total payments made. The number of these payments are not specified in the contract, but are determined by the contract holder within a range acceptable to the insurance company. These contracts may also specify guaranteed minimum nonforfeiture values and annuity rate guarantees either for the life of the contract or guaranteed lesser period. All these contracts must be approved by the Missouri Department of Insurance.

(2) Reporting Premiums for Premium Tax Purposes. Insurers writing flexible payment deferred annuities as defined may consider as premiums received for those contracts, within the meaning of sections 148.310—148.450, RSMo, the amount actually applied at the annuity commencement date to provide the annuity. The premiums received shall be equal to the value of the contract on the annuity commencement date applied to provide a guaranteed or variable annuity.

(3) Insurers Previously Reporting Under Paid-In Approach. (A) Any insurer previously reporting premiums on the paid-in approach (that is, reported the premium upon receipt), in the event of withdrawal of funds before their application to an annuity, may deduct the amount withdrawn as return of premiums with the meaning of sections 148.310—148.430, RSMo. Any insurer so reporting shall make a separate return showing the amounts of funds withdrawn, the tax year for which premium tax was paid on those funds and the date reported for taxation purposes.

(B) Each insurer shall signify on its premium tax return covering premiums for the calendar year 1975 the method it is currently using to report premiums received under flexible payment deferred annuities. If an insurer using the paid-in approach subsequently adopts the pay-out approach or vice versa, it shall so signify on the premium tax return covering premiums for that calendar year.

20 CSR 200-3.200 New Business Facility Tax Credit

PURPOSE: This rule implements and effectuates the legislative intent of the amendments to sections 135.100—135.150.1., RSMo in House Bill No. 566 (Laws 1993), allowing insurance companies to receive the new business facility tax credit when eligibility for this credit is certified by the Department of Economic Development. This rule is necessary to process credits following certification by the director of economic development.

(1) An insurance company which wants to receive credit for a new business facility shall include the amount of the credit in the designated place in the company’s premium tax return. The credit and the amount of it shall be supported by including a copy of the certification by the director of economic development with the premium tax return filed with the Department of Insurance. The new business facility tax credit shall be taken first against the direct premium tax, but only after all credits and deductions are made from the premium taxes otherwise due.

(2) The new business facility tax credit shall not be subject to subsection 375.916.1., RSMo, that is this credit shall not be subject to the retaliatory tax.

(3) To the extent the amount of the new business facility tax credit exceeds the amount necessary to reduce the net Missouri premium tax due to zero (0), this excess may be applied as a credit against any retaliatory tax amount otherwise due.

(4) If an insurance company, which is also a taxpayer, has income derived from the operation of a new business facility as well as from other activities conducted with this state, the direct premiums derived by the insurance company from the operation of the new business facility shall be determined by multiplying the insurance company’s direct premiums, computed in accordance with Chapter 148, RSMo, by a fraction, the numerator of which is the property factor, as defined in subsection (4)(A) of this rule plus the payroll factor, as defined in subsection (4)(B) of this section, and the denominator which is two

(A) The property factor is a fraction, the numerator of which is the new business facility investment certified for the tax period, and the denominator of which is the average value of all the taxpayer’s real and depreciable tangible personal property owned or rented and used in this state during the tax period. The average
value of all this property shall be determined as provided in Chapter 32, RSMo; and

(B) The payroll factor is a fraction, the numerator of which is the total amount paid during the tax period by the taxpayer for compensation to persons qualifying as new business facility employees, as determined by section 135.110.4., RSMo at the new business facility, and the denominator of which is the total amount paid in this state during the tax period by the taxpayer for compensation. The compensation paid in this state shall be determined as provided in Chapter 32, RSMo. For the purpose of this section, other activities conducted within this state shall include activities previously conducted at any time during the tax period immediately prior to the tax period in which commencement of commercial operations occurred.
