

# VIRGINIA ACTS OF ASSEMBLY -- 2003 SESSION

## CHAPTER 372

*An Act to amend and reenact §§ 58.1-2500 and 58.1-2507 of the Code of Virginia, relating to the premium license tax on insurance companies; payments; refunds.*

[S 854]

Approved March 16, 2003

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 58.1-2500 and 58.1-2507 of the Code of Virginia are amended and reenacted as follows:**

§ 58.1-2500. Definitions.

As used in this chapter the term or phrase:

"Commission" means the State Corporation Commission, which is responsible for the administration of this chapter.

"Company" means any association, aggregation of individuals, business, corporation, individual, joint-stock company, Lloyds type of organization, organization, partnership, receiver, reciprocal or inter-insurance exchange, trustee or society.

"Direct gross premium income" means the gross amount of all premiums, assessments, dues and fees collected, received or derived, or obligations taken therefor, from business in this Commonwealth during each year ending December 31, excluding premiums received for reinsurance assumed from licensed insurance companies, without any deduction for dividends paid or deduction on any other account except for premiums returned on cancelled policies, or on account of reduction in rates or reduction in the amount insured, and excluding premiums received or derived to provide insurance of the kinds classified in §§ 38.2-102 and 38.2-109 issued on a group basis by an insurance company insuring its employees, agents and representatives. In computing direct gross premium income on insurance issued by mutual insurance companies other than life insurance companies, refunds or returns made to policyholders otherwise than for losses may be deducted.

"Estimated tax" means the amount which the insurance company estimates as the amount of the tax imposed by this chapter for the license year, measured by direct gross premium income received or derived in the taxable year.

"Insurance company" means any company engaged in the business of making contracts of insurance.

"License year" means the ~~twelve~~ 12-month period beginning on July 1 next succeeding the taxable year and ending on June 30 of the subsequent year.

*"Preceding year's tax" means the tax as ascertained on the preceding year's tax report.*

"Subscriber fee income" means the gross premium or deposit income collected, received or derived from and credited to the accounts of subscribers from business in the Commonwealth during the preceding year ending December 31, decreased by all returns for cancellation and all amounts returned to subscribers or credited to their accounts as savings.

*"Tax" means the amount derived by multiplying the direct gross premium income in the taxable year by the tax rate.*

"Taxable year" means the calendar year preceding the license year upon the basis of which direct gross premium income is computed. The term includes, in the case of direct gross premium income for a fractional part of a calendar year, the period in which such direct gross premium income is received or derived from business in this Commonwealth.

§ 58.1-2507. Penalties for failure to make report or pay tax; revocation of license; recovery by suit.

A. Every company failing to make the report required by § 58.1-2506 shall be fined ~~fifty dollars~~ \$50 for each day's failure to make the report.

B. Upon the failure of any such company to pay the license tax within the time required by this chapter, there shall be added to such tax a penalty of ~~ten~~ 10 percent of the amount of the tax and interest at a rate equal to the rate of interest established pursuant to § 58.1-15 for the period between the due date and the date of full payment. *The Commission shall notify the taxpayer of all additional amounts owed, and the taxpayer shall pay such amounts within 14 days of the date of the notice. If an overpayment is made, the Commission shall order a refund of the amount of the overpayment to the taxpayer pursuant to subsection B of § 58.1-2526. The Commission may suspend or revoke the company's license to do business in this Commonwealth pursuant to § 38.2-1040 if the additional amounts due are not paid.* The Comptroller shall proceed to recover the tax, penalty and interest by suit in the appropriate circuit court, or by proceedings brought to subject any bonds or other securities deposited by such company with the Treasurer.

C. If such failure is due to providential or other good cause shown to the satisfaction of the Commission, such return or payment or return and payment may be accepted exclusive of penalties; however, such company shall pay interest on such tax as prescribed in subsection B.