CT-33-X-I Instructions for Form CT-33-X Information Return for Members of the New York Insurance Exchange

Due Date - If you are reporting on a calendar year basis, you must file on or before March 15, 1989. If you are reporting on a fiscal year basis, your return is due two and one-half months after the end of the reporting period.

Schedule A - The computation of the New York allocation percentage must include all premiums and wages attributable to any participation in syndicates by the members.

Line 1 - Enter premiums on New York risks on line 1.

Line 2 - Enter total premiums on line 2. Total premiums are to be reported on a written or paid-for basis, consistent with the basis required by the annual statement filed with the Superintendent of Insurance.

First determine total gross premiums, deposit premiums or assessments, less returns thereon, on all policies, annuity contracts, certificates, renewals, policies subsequently cancelled, and insurance and reinsurance executed, issued or delivered on property or risks, including premiums for reinsurance assumed. Include **only** those special risk premiums written, procured or received in New York on risks located or resident in New York.

From the total amount determined, deduct dividends on such premiums and premiums on reinsurance ceded. When computing the dividend deduction include unused or unabsorbed portions of premium deposits paid or credited to policyholders but not deferred dividends paid in cash to policyholders on maturing policies nor cash surrender values.

Line 5 - Enter total wages, salaries, personal service compensation and commissions for the taxable year of all employees, agents and representatives regularly connected with or working at New York locations, irrespective of where services are performed.

Line 6 - Enter total wages, salaries, personal service compensation and commissions for the taxable year of all employees, agents and representatives.

Amounts representing gross direct commissions both in New York State and everywhere are the amounts which should be included in the wage portion of the income allocation percentage.

Line 9 - To determine the allocation percentage, divide line 8 by the factor of 10. If either the premium or wage factor is missing (no amounts for both New York and everywhere), the allocation percentage is the other factor. A zero percentage computed at either line 3 or line 7 because of the lack of wages or premiums for New York State is not a missing factor.

Schedule B - Indicate the name, address, and identification number of each participant in the underwriting membership on the New York State Insurance Exchange. If more than three participants, attach a separate sheet giving the required information.

Schedule C -

Line 11- Indicate the percentage of participation by each participant.

Line 12 - Enter the federal taxable income of the underwriting member and the proportionate share for each participant.

Line 13 - Enter in the total column all interest and dividend income, received or accrued, which was exempt from federal income tax less interest expense, bond premium amortization, and other ordinary and necessary expenses paid or incurred attributable to such income for the underwriting member. Enter the proportionate share for each participant in its respective column.

Line 16 - Enter in the total column 50% of dividend income from nonsubsidiary corporations for the underwriting member. Enter the proportionate share for each participant in its respective column. This deduction cannot exceed 50% of dividends before the dividends received deduction.

Line 22 - If interest was paid to a stockholder of a corporate participant, a separate computation must be made to show such interest paid. All interest paid or accrued on indebtedness directly or indirectly owed to stockholders (including subsidiaries of a corporate stockholder) or members of their immediate family, owning in the aggregate in excess of 5% of the issued capital stock of the corporate participant must be included in this computation. For purposes of this item, "immediate family" consists of brothers and sisters of the whole or half blood, spouse, ancestors and descendents. A statutory deduction of $1,000 or 10% of the interest, whichever is larger, is allowed. This deduction does not apply where the interest is deducted by the parent corporation as income from subsidiary capital. The net amount of interest paid to a stockholder of a corporate participant, must be multiplied by the allocation percentage computed at line 9 of Schedule A. That portion of allocated entire net income must be shown as a separate addition on the tax return of the participant.

Participants of the New York State Insurance Exchange are responsible for making the proper modifications as required on any New York State tax return that they may be required to file. See our TSB-M-78 (12)C memorandum for details.