

304.11-050 Premium tax on unauthorized insurer.

- (1) Effective with all premiums collected during the calendar year 1968, except premiums on lawfully procured surplus lines insurance, every unauthorized insurer shall pay to the secretary of revenue before March 1, next succeeding the calendar year in which the insurance was so effectuated, continued, or renewed, a premium tax of two percent (2%) of gross premiums charged for such insurance on subjects resident, located, or to be performed in this state. The insurance whether procured through negotiation or an application, in whole or in part occurring or made within or outside of this state, or for which premiums in whole or in part are remitted directly or indirectly from within or outside of this state, shall be deemed to be insurance procured or continued in this state. The term "premium" includes all premiums, membership fees, assessments, dues, and any other consideration for insurance. If the tax prescribed by this section is not paid within the time stated, the tax shall be increased by a penalty of twenty-five percent (25%) and by the amount of an additional penalty computed at the rate of one percent (1%) per month or any part thereof from the date the payment was due to the date paid.
- (2) If the policy covers risks or exposures only partly in the state, the tax payable shall be computed on the portions of the premium which are properly allocable to the risks or exposures located in the state. In determining the amount of premiums taxable in this state, all premiums written, procured, or received in this state and all premiums on policies negotiated in this state shall be deemed written on property or risks located or resident in this state, except those premiums as are properly allocated or apportioned and reported as taxable premiums to any other state or states.
- (3) Proration of premium taxes due from those insureds specified in KRS 304.11-020 under a contract procured from an unauthorized insurer having property in states other than Kentucky, shall be determined by administrative regulations promulgated by the secretary of revenue using the following criteria where applicable:
 - (a) Percentage of physical assets in Kentucky;
 - (b) Percentage of employee payroll in Kentucky;
 - (c) Percentage of sales in Kentucky; and
 - (d) Percentage of taxable income reportable in Kentucky.
- (4) The secretary of revenue, or the Attorney General upon request of the secretary of revenue, shall proceed in the courts of this state or any other state or in any federal court or agency to recover tax not paid within the time prescribed in this section.

Effective: July 14, 2000

History: Amended 2000 Ky. Acts ch. 145, sec. 2, effective July 14, 2000. -- Amended 1992 Ky. Acts ch. 338, sec. 19, effective July 14, 1992. -- Created 1970 Ky. Acts ch. 301, subtit. 11, sec. 5, effective June 18, 1970.