

## Step Up For Students – Florida Tax Credit Scholarship Program: Insurance Premium Tax

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The Florida Tax Credit (FTC) Scholarship Program allows any company that pays Florida insurance premium tax to redirect up to 100 percent of its tax liability (after the application of any other allowable credits) to state approved scholarship funding organizations (SFOs) that provide education scholarships for low-income children. It costs you **NO** extra dollars – the legislature has made it possible for an insurance company to earmark up to 100 percent its premium tax payment to fund low-income student scholarships.<sup>1</sup>

**Reserving your state tax credit**

The process to enroll is very simple. Just click on this link to visit the FL DOR’s web application: [https://taxapp2.state.fl.us/gta/cit-sfo/index.cfm?fuseaction=dsp\\_sfo&bus\\_flag=1](https://taxapp2.state.fl.us/gta/cit-sfo/index.cfm?fuseaction=dsp_sfo&bus_flag=1). Upon completing your online enrollment, please send your DOR confirmation e-mail to Crystal Larocca at [clarocca@stepupforstudents.org](mailto:clarocca@stepupforstudents.org) and she will send you a payment reminder and remittance instructions.

Once you have received your approval letter from the DOR, you can remit up to that amount directly to the SFO via check, wire or ACH by **December 31, 2012**. You may apply more than once for credits during the year for a maximum of 100 percent of your net insurance premium tax. You will receive a written acknowledgement from the SFO. A copy of the acknowledgement must be included with your tax return to support the amount of tax credit taken. It’s important to remember that the approval process does not oblige you to remit the funds to the SFO – it is merely a way for the DOR to ensure that the annual maximum (\$218,750,000 for 2012) in tax credits is not over-subscribed.

**Unused tax credits can be carried forward for 5 years**

If after making remittances to the SFO, you determine that they totaled more than 100 percent of net tax liability, you may carry forward the unused credit for up to five years. You must apply for the carry forward each year using the same online application that you used to apply for the credit.

**Taking the credit on your state tax return**

A company using the “general” or “standard” method of determining its estimated quarterly payments should net the remittance amount from its state tax liability (after the application of any other allowable credits). For insurance premium tax credit purposes, the credit for the FTC Scholarship Program is on Line 11 of Schedule III (Credits Against the Premium Tax) on Form DR-908.

Here is an example of how you would determine your maximum remittance:

**Determining your maximum remittance**

<i>100% limitation calculation</i>	
Insurance Premiums	\$25,000,000
x Tax Rate	1.75%
Insurance Premium Tax	437,500
Less Allowable Credits:	
Deduction under s. 440.51 F.S. (Workers Comp Assessment)	-12,031
Credits under s. 175.101 & 185.08 F.S. (Firefighter & Police Pension Fund)	-11,813
Credits under ch. 220 & 221 F.S. (Income and Emergency Excise Tax) and s. 624.509(5) (salary credit)	-284,375
= Net Insurance Premium Tax	129,281
Maximum Credit Allowed (100% of Net Insurance Premium Tax)	129,281
Amount Remitted to Fund Scholarships	129,281
<b>Credit Allowed</b>	<b>\$129,281</b>

<sup>1</sup> Insurers that use the alternative method to pay their estimated quarterly premium taxes may overpay their tax liability and can subsequently receive a refund or apply it to subsequent year’s tax liability. For further information about how this process works, please call Kerri Vaughan at (866) 344-9553.