

**Florida Department Revenue
Tax Information Publication**

TIP 06B8-03

Date: October 28, 2005

**Firefighters' and Police Officers'
Pension Trust Funds
Excise Taxes on Insurance Premiums
Chapters 175 and 185, Florida Statutes**

**New Electronic Database for
Determination of Tax Situs**

Sections 175.1015 and 185.085, Florida Statutes, direct the Department of Revenue (DOR) to create and maintain an electronic database to be used by insurance companies to assign policies and premiums to the proper local taxing jurisdictions for the Firefighters' and Police Officers' Pension Trust Funds. These local Insurance Premium Taxes (IPT) will continue to be reported by insurers on the DR-908, Insurance Premium Taxes and Fees Return, Schedules XII and XIII.

The address database will be available for download or via a single address lookup function at <http://geotax.state.fl.us>. Instructions for downloading, file formats, etc., will be available on the internet site. It is anticipated that the initial address database for IPT will be available in November, 2005. Check the internet site beginning November 1, 2005, for the latest status.

The initial IPT address database should be used by insurance companies in to assigning policies and premiums written during the 2005 calendar year 2005 to the proper local taxing jurisdiction for the insurance premium tax return due on March 1, 2006. For subsequent tax years, the finalized IPT address database, which will be posted by November of each year, should be used in assigning policies and premiums written during the calendar year following the November posting of the IPT address database by DOR. Therefore, the initial IPT address database that will be posted in November, 2005, should be used in assigning policies and premiums written during calendar years 2005 and 2006. The IPT address database posted by November, 2006, should be used in assigning policies and premiums written during calendar year 2007. Data files consisting of pending changes to the database will be available during the year between each November's update for use by insurers. The single address lookup function will also indicate when a pending change to the database is associated with an address.

Sections 175.1015 and 185.085, F.S., specify that insurance companies that do not use the electronic database provided by DOR, and that do not exercise due diligence in applying the electronic database (for policies written during 2006 and thereafter), are subject to a .5 percent (.005) penalty (for policies written during 2006 and thereafter)

on the total premium per policy that is improperly assigned for purposes of Chapter 175 and/or Chapter 185, F.S.

Due diligence includes expending reasonable resources to accurately and reliably implement the use of the database provided by DOR, maintaining adequate internal controls to correctly include the location of the insured property in the proper address format, and correcting errors in the assignment of addresses to local taxing jurisdictions within 120 days of discovering them.

Commercial Insurance Policies

An insurance company that is unable, after due diligence, to assign an insured property to a specific local taxing jurisdiction shall remit tax on commercial property and commercial casualty insurance premiums using a methodology of apportionment in a manner consistent with the remittance for the 2004 calendar year. An insurance company that makes two contacts with the agent responsible for a commercial property or casualty insurance application for the purpose of verifying information on the application necessary for the assignment of the commercial policy to the appropriate taxing jurisdiction shall be considered to have exercised due diligence.

Administration by Three Florida Agencies

The Department of Revenue, the Department of Financial Services, Office of Insurance Regulation and the Department of Management Services, Division of Retirement, Municipal Police Officers' and Firefighters' Retirement Trust Funds Office are all tasked with administration of the Chapter 175 and 185, F.S., taxes. The Department of Financial Services, Office of Insurance Regulation has authority to impose the .5% (.005) penalty relating to the address database and insured risks not properly assigned to participating local taxing jurisdictions. The Department of Management Services, Division of Retirement, Municipal Police Officers' & Firefighters' Retirement Trust Funds Office is responsible for administration of the retirement trust funds and distribution of monies to the local taxing jurisdictions as well as notifying the Office of Insurance Regulation regarding insurers failing to comply. The Department of Revenue has authority for creating and maintaining the database and for collecting the Chapter 175 and 185, F.S., taxes on its forms. When processing the IPT returns, the Department of Revenue often contacts insurers on the variances between the current year and prior year amount of premium reported for the various local taxing jurisdictions discussed in the preceding paragraphs to help ensure that the proper amounts are reported by the insurer to the proper local taxing jurisdictions.

Sections 175.111 and 185.09, F.S., provide that every insurer shall keep accurate books and records of insurance business done within the corporate limits of each municipality and within the legally defined boundaries of each special fire control district in such a manner as to be able to comply with the provisions of Chapters 175 and 185. Sections 175.151 and 185.13, F.S., provide that an insurer's certificate of authority may be cancelled or revoked if an insurer fails to comply with the provisions of Chapter 175 and 185.

A Local Government Unit exists in DOR to assist with the address database:

Florida Department of Revenue

Local Government Unit
PO Box 5885
Tallahassee, FL 32314-5885

Phone: 850-921-9181

Fax: 850-921-4711

E-mail: local-govt-unit@dor.state.fl.us

References: Chapters 175 and 185, Florida Statutes (2005).

FOR MORE INFORMATION

This document is intended to alert you to the requirements contained in Florida laws and administrative rules. It does not by its own effect create rights or require compliance.

For forms and other information, visit our Internet site at www.myflorida.com/dor. Or call Taxpayer Services, 8:00 a.m., to 7:00 p.m., ET, Monday through Friday, excluding holidays, at 800-352-3671 or 850-488-6800.

Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.

For a detailed written response to your questions, write the Florida Department of Revenue, Taxpayer Services, 1379 Blountstown Highway, Tallahassee, FL 32304-2716.