



Instructions for Form CT-33

Franchise Tax Return for Insurance Corporations
Using Fiscal Reporting Periods Ending After June 30, 1990
through November 30, 1990

Important information

The Laws of 1990 amended Article 33, Section 1520, affecting the tax surcharge on insurance corporations. The 1990 amendment changed the tax years to which the 2½% tax surcharge applies and added provisions for a new tax surcharge on insurance corporations.

Tax Surcharge

Section 1520 provided for a tax surcharge to be imposed at the rate of 2½% (.025) on the lower of the taxes computed under sections 1501 and 1510 or by section 1505, **before** the deduction of any tax credits permitted under section 1511. The 2½% tax surcharge now applies to tax years ending after June 30, 1989, and before July 1, 1990, and cannot be imposed on any taxpayer for more than 12 months.

Section 1520 was amended to provide for a new tax surcharge to be imposed for 2 years at the rate of 15% and for 1 year at the rate of 10% on the lower of the taxes computed under sections 1501 and 1510 or the limitation on tax computed under section 1505, **after** the deduction of any tax credits permitted under section 1511. **The 15% tax surcharge rate applies to tax periods ending after June 30, 1990, and before July 1, 1992, and will not be imposed upon a taxpayer for more than 24 months.** The 10% tax surcharge rate applies to tax periods ending after June 30, 1992, and before July 1, 1993, and will not be imposed upon a taxpayer for more than 12 months.

Tax credits may not be applied against the tax surcharge.

Forms

Enclosed are copies of the 1989 franchise tax return, printed on pink paper, which have been revised based on the amended law for the above fiscal filing periods.

The instructions for lines 12b and 13b will be found below. The instructions for all other lines can be found in the enclosed earlier edition of the 1989 Form CT-33-I, *Instructions for Form CT-33*.

Instructions

Line 12b

The tax surcharge is computed on the lower of the taxes computed under sections 1501 and 1510 or the limitation on tax computed under section 1505, after the deduction

of all tax credits. This is the amount found on Form CT-33 at line 12a. Multiply the amount on line 12a by 15% (.15).

Tax credits may not be applied against the tax surcharge.

First installment - Line 13b

If you **did not file** Form CT-5.2 and the amount of tax and tax surcharge on line 12c exceeds \$1,000, enter 25% (.25) of that amount.

Extension of time for filing tax return - Form CT-5.2

You may request a six-month extension to file Form CT-33 by filing Form CT-5.2 and paying the tax and tax surcharge due within 2½ months after the close of the tax year.

The payment of the franchise tax and the 15% tax surcharge must either:

- equal or exceed the amount of franchise tax (Form CT-33, line 12a) for the preceding tax period (if it was a period of 12 months) plus an amount equal to 15% of the preceding year's tax after the deduction of all tax credits and before the addition of the 2½% tax surcharge.
- or
- equal or exceed 90% of the franchise tax as finally determined plus 90% of the 15% tax surcharge as finally determined.

Declaration of estimated tax — Form CT-400

If the combined franchise tax and 15% tax surcharge exceed \$1,000, a mandatory 25% first installment must be paid with Form CT-33 or CT-5.2. The 15% tax surcharge must also be estimated when filing a Form CT-400, *Declaration of Estimated Tax*. However, for taxpayers with fiscal reporting periods ending after June 30, 1990, through November 30, 1990, penalty for an underpayment of estimated tax surcharge will not be imposed on any installment due prior to September 15, 1990.

Metropolitan transportation business tax surcharge

The computation of the metropolitan transportation business tax surcharge (form CT-33-M) is not affected by the 15% tax surcharge.

The computation of the MTB tax surcharge will continue to be based on the franchise tax less tax credits as shown on the revised Form CT-33, line 12a.

