

432.1 Tax on gross premiums — exclusions.

Every insurance company or association of whatever kind or character, not including fraternal beneficiary associations, and nonprofit hospital and medical service corporations, shall, as required by law, pay to the director of the department of revenue, or to a depository designated by the director, as taxes, an amount equal to the following, except that the premium tax applicable to county mutual insurance associations shall be governed by [section 518.18](#):

1. a. The applicable percent, as provided in [subsection 2](#), of the gross amount of premiums received during the preceding calendar year by every life insurance company or association, not including fraternal beneficiary associations, or the gross payments or deposits collected from holders of fraternal beneficiary association certificates, on contracts of insurance covering risks resident in this state during the preceding year, including contracts for group insurance and annuities and without including or deducting any amounts received or paid for reinsurance.

b. In determining the gross amount of premiums to be taxed hereunder, there shall be excluded all premiums received from policies or contracts issued in connection with a pension, annuity, profit-sharing plan or individual retirement annuity qualified or exempt under sections 401, 403, 404, 408 or 501(a) of the federal Internal Revenue Code as now or hereafter amended and all premiums returned to policyholders or annuitants during the preceding calendar year, except cash surrender values, all dividends that, during said year, have been paid in cash or applied in reduction of premiums or left to accumulate to the credit of policyholders or annuitants.

c. In determining the gross amount of premiums to be taxed, there shall be excluded all consideration received in connection with an annuity contract, whether or not such contract is qualified or exempt under the federal Internal Revenue Code as now or hereafter amended, and all premiums returned to policyholders or annuitants during the preceding calendar year, except cash surrender values, and all dividends that, during said year, have been paid in cash or applied in reduction of premiums or left to accumulate to the credit of policyholders or annuitants.

2. The “applicable percent” for purposes of [subsection 1](#) of [this section](#) and [section 432.2](#) is the following:

- a. For calendar years beginning before the 2003 calendar year, two percent.
- b. For the 2003 calendar year, one and three-fourths percent.
- c. For the 2004 calendar year, one and one-half percent.
- d. For the 2005 calendar year, one and one-fourth percent.
- e. For the 2006 and subsequent calendar years, one percent.

3. The applicable percent, as provided in [subsection 4](#), of the gross amount of premiums written, and assessments and fees received during the preceding calendar year by every company or association other than life on contracts of insurance other than life for business done in this state, including all insurance upon property situated in this state except surplus lines insurance, after deducting the amounts returned upon canceled policies, certificates, and rejected applications but not including the gross premiums written, and assessments and fees received in connection with ocean marine insurance authorized in [section 515.48](#). For surplus lines insurance, the applicable percent, as provided in [subsection 4](#), shall be calculated on the amount of premiums written on surplus lines insurance policies where the home state of the insured, as defined in [chapter 515I](#), is Iowa.

4. The “applicable percent” for purposes of [subsection 3](#) is the following:

- a. For calendar years beginning before the 2004 calendar year, two percent.
- b. For the 2004 calendar year, one and three-fourths percent.
- c. For the 2005 calendar year, one and one-half percent.
- d. For the 2006 calendar year, one and one-fourth percent.
- e. For the 2007 and subsequent calendar years, one percent.

5. Except as provided in [subsection 6](#), the premium tax shall be paid on or before March 1 of the year following the calendar year for which the tax is due. The commissioner may suspend or revoke the license of a company or association that fails to pay its premium tax on or before the due date.

6. a. Each insurance company and association transacting business in this state whose Iowa premium tax liability for the preceding calendar year was one thousand dollars or more shall remit on or before June 1, on a prepayment basis, an amount equal to one-half of the premium tax liability for the preceding calendar year.

b. In addition to the prepayment amount in paragraph “a”, each life insurance company or association which is subject to tax under [subsection 1 of this section](#) and each mutual health service corporation which is subject to tax under [section 432.2](#) shall remit on or before August 15, on a prepayment basis, an additional amount equal to the following percent of the premium tax liability for the preceding calendar year as follows:

- (1) For prepayment in the 2003 calendar year, four percent.
- (2) For prepayment in the 2004 calendar year, twenty-one percent.
- (3) For prepayment in the 2005 and subsequent calendar years, fifty percent.

c. In addition to the prepayment amount in paragraph “a”, each insurance company or association, other than a life insurance company or association, which is subject to tax under [subsection 3](#) shall remit on or before August 15, on a prepayment basis, an additional amount equal to the following percent of the premium tax liability for the preceding calendar year as follows:

- (1) For prepayment in the 2003 and 2004 calendar years, eleven percent.
- (2) For prepayment in the 2005 calendar year, twenty-six percent.
- (3) For prepayment in the 2006 and subsequent calendar years, fifty percent.

d. The sums prepaid by a company or association under [this subsection](#) shall be allowed as credits against its premium tax liability for the calendar year during which the payments are made. If a prepayment made under [this subsection](#) exceeds the annual premium tax liability, the excess shall be allowed as a credit against subsequent prepayment or tax liabilities. The commissioner of insurance shall authorize the department of revenue to make a cash refund to an insurer, in lieu of a credit against subsequent prepayment or tax liabilities, if the insurer demonstrates the inability to recoup the funds paid via a credit. The commissioner shall adopt rules establishing eligibility criteria for such a refund and a refund process. The commissioner may suspend or revoke the license of a company or association that fails to make a prepayment on or before the due date.

[C51, §464; R60, §718; C73, §807; C97, §1333; S13, §1333, 1333-d; C24, 27, 31, 35, 39, **§7021, 7022, 7025**; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §432.1; **81 Acts, ch 142, §1**; **82 Acts, ch 1231, §1**]

88 Acts, ch 1159, §1; **2002 Acts, ch 1119, §169**; **2002 Acts, ch 1158, §2 – 6**; **2003 Acts, ch 108, §73**; **2003 Acts, ch 145, §286**; **2004 Acts, ch 1175, §337, 338, 348**; **2005 Acts, ch 70, §2**; **2006 Acts, ch 1117, §3**; **2007 Acts, ch 137, §2**; **2012 Acts, ch 1025, §17, 22**

Referred to in **§87.4, §135.120, §432.2, §432.5, §432A.9, §507A.4, §507A.9, §511.40, §514B.31, §515.24, §515L.2, §515L.3, §515L.10, §518.18, §518A.35, §520.19**

Taxation of organized delivery systems; see §135.120