

## Special Bulletin

DATE: November 8, 2004

TO: All Surplus Lines Licensees

FROM: Kenneth A. Rudert – Executive Director *KAR*

SUBJECT: **Change to Surplus Lines Gross Premium Tax Exemption Policy**

It has come to PSLA's attention that as of August 6, 2004, the Pennsylvania Department of Revenue has implemented some changes in its determination process of the application of 3% surplus lines premium tax exemption. Under current law unincorporated charitable, religious or educational organizations are no longer exempt from surplus lines premium tax. This change may extend to other operations as well.

It is very important that you do not assume that certain risks previously exempt are still exempt today. Therefore, we strongly suggest that you review the information on the Pennsylvania Department of Revenue's web site at [www.revenue.state.pa.us](http://www.revenue.state.pa.us) and contact the Department of Revenue directly at 717-783-6031 to confirm the surplus lines premium tax exempt status of your particular risk.

As a reminder, surplus lines premium tax exemption should not be confused with state sales tax exemption.

As we have advised in the Filing Instructions section of the PSLA Procedures Manual, the determination of tax exemption is totally managed by the Pennsylvania Department of Revenue, not the Pennsylvania Insurance Department nor the Pennsylvania Surplus Lines Association (stamping office). The responsibility to obtain the tax exemption determination rests with the insured. The responsibility to collect and remit the 3% surplus lines premium tax (if applicable) rests with you, the surplus lines licensee/agency.

KAR/rls

cc: Cris Bybee - PID