



# Schedule INS Tax for Foreign Insurers

Attach to your Form IL-1120. Use this schedule for tax years ending on or after December 31, 2003

Year ending

Month Year

Write your name as shown on your Form IL-1120.

Write your federal employer identification number (FEIN).

## Step 1: Figure the tax imposed by your state or country of domicile

**Note** You must complete Parts I, III, IV, and V of your Form IL-1120 before completing this schedule.

- 1 Write your state or country of domicile. **state or country:** \_\_\_\_\_
- 2 Write the base income from your Form IL-1120, Part I, Line 7. **2** \_\_\_\_\_
- 3 Write the net income from your Form IL-1120, Part IV, Line 3. **3** \_\_\_\_\_
- 4 Compute the pro-forma tax imposed by your state or country of domicile, using the income shown on Lines 2 and 3. If your state or country of domicile does not impose an income tax on insurance companies, check the box and write zero on this line. **→**  **4** \_\_\_\_\_

**Note:** The pro-forma tax for Line 4 is the total of all tax measured by net income, less credits, imposed by your state or country of domicile, on an insurance company with base income (before apportionment) equal to Line 2 and net income (after apportionment) equal to Line 3. Attach completed copies of all forms necessary to support the computation of this amount.

## Step 2: Figure your income tax reduction limit

- 5 Write the net premiums taxable under Section 409 of the Illinois Insurance Code and included in your Form IL-1120, Part III, Line 5a. **5** \_\_\_\_\_
- 6 Multiply Line 5 by 1.75% (.0175). This is your total tax reduction limit. **6** \_\_\_\_\_
- 7 Write the following amounts deducted when you computed this year's federal taxable income:
  - a The privilege tax imposed under Section 409 of the Illinois Insurance Code. (Do not include retaliatory tax.) **7a** \_\_\_\_\_
  - b The fire insurance company tax imposed under Section 12 of the Fire Investigation Act **7b** \_\_\_\_\_
  - c Any fire department tax imposed under Section 11-10-1 of the Illinois Municipal Code **7c** \_\_\_\_\_
- 8 Add Lines 7a through 7c. **8** \_\_\_\_\_
- 9 Subtract Line 8 from Line 6 (cannot be less than zero). This is your 1.75 percent income tax reduction limit. Write here and on Line 14. **9** \_\_\_\_\_

## Step 3: Figure your tax

- 10 Write the net replacement tax from your Form IL-1120, Part IV, Line 7. **10** \_\_\_\_\_
- 11 Write the net income tax from your Form IL-1120, Part V, Line 5. **11** \_\_\_\_\_
- 12 Add Lines 10 and 11. This is your tentative tax. **12** \_\_\_\_\_
- 13 Write the amount of pro-forma tax from Line 4. **13** \_\_\_\_\_
- 14 Write the 1.75 percent income tax reduction limit from Line 9. **14** \_\_\_\_\_
- 15 Write the greater of Line 13 or Line 14. **15** \_\_\_\_\_
- STOP** If Line 15 is greater than Line 12, you are not entitled to a tax reduction. Do not use this schedule.
- 16 Write the lesser of Line 10 or Line 15. This is your replacement tax. Write this amount here and on your Form IL-1120, Part II, Line 1. **16** \_\_\_\_\_
- 17 If Line 15 is greater than Line 16, subtract Line 16 from Line 15. Otherwise, write zero. This is your maximum net income tax after applying credits. **17** \_\_\_\_\_
- 18 Write the lesser of Line 11 or Line 17. This is your net income tax after applying credits. Write the result here and on your Form IL-1120, Part II, Line 2. **18** \_\_\_\_\_
- 19 Add Lines 16 and 18. This is your total net income and replacement tax. Write this amount on your Form IL-1120, Part II, Line 3. **19** \_\_\_\_\_



# Schedule INS Instructions

## General Information

### What is the purpose of Schedule INS?

The purpose of Schedule INS, Tax for Foreign Insurers, is to allow you to possibly reduce your Illinois income and replacement tax liability. Effective for tax years ending on or after December 31, 1999, if you are a foreign insurer, whose state or country of domicile imposes a retaliatory tax on insurers domiciled in Illinois, you should complete this schedule to determine if it would reduce your tax liability. The rates are reduced to the point that the total Illinois tax imposed equals the tax the state or country of domicile would impose on the amount of your Illinois net income.

**Note** Do not complete this schedule if 50 percent or more of your total insurance premiums for the tax year are from reinsurance. This reduction in rates does not apply to you if you are primarily a reinsurer.

The reduction in tax rates cannot reduce the total of your income and replacement taxes, privilege tax, fire insurance taxes, and fire department taxes below 1.75 percent of your premiums subject to privilege tax. The rate reduction is applied against income tax first. Once your income tax is reduced to zero, the rate reduction is applied against replacement tax.

If you are a member of a unitary business group, you must complete Schedule UB/INS.

## Specific Instructions

**Note** You must complete Form IL-1120, Parts I, III, IV, and V before completing this schedule.

**Step 1** is used to report the income tax (or other tax based on net income) your state or country of domicile would impose on your Illinois net income.

**Step 2** is used to figure your 1.75 percent income tax reduction limit.

**Step 3** is used to determine whether your liability can be reduced and, if so, the levels to which your liability can be reduced.

### What must I attach to Schedule INS?

If you do not check the box on Line 4, you must attach a pro-forma return from your state or country of domicile, showing the amount of tax you would owe to that state or country on your Illinois net income.

### What if I need additional assistance?

*If you need additional assistance,*

- visit our Web site at **www.ILtax.com**;
- call our Taxpayer Assistance Division, Monday through Friday, 8 a.m. to 5 p.m. at **1 800 732-8866, 217 782-3336**, or our TDD (telecommunications device for the deaf) at **1 800 544-5304**; or
- write to us at P.O. Box 19044, Springfield, Illinois 62794-9044.