



Insurance Premium Tax Credits

Through the Florida Tax Credit (FTC) Scholarship Program ([Florida Statutes, Section 1002.395](#)), dollar-for-dollar tax credits are provided to companies that redirect their insurance premium tax liability to Step Up For Students, a state-approved Scholarship Funding Organization (SFO). The funds provide K-12 scholarships to disadvantaged children.

Contributions to eligible SFOs reduce the amount required to meet the prior year exception safe harbor. The maximum credit allowed is 100% of Net Insurance Premium Tax, which is determined after taking into account 1) Deduction under Florida Statutes, Section 440.51 (Workers Comp Assessment), 2) Credits under Florida Statutes, Sections 175.101 & 185.08 (Firefighter & Police Pension Fund), 3) Credits under Ch. 220 & 221 F.S. (Income and Emergency Excise Tax) and 4) Credits under Section 624.509(5) (Salary Tax Credit).

After earning a tax credit under Section 624.51055, F.S., a taxpayer may reduce any estimated payment in the taxable year by the amount of the credit. Cross reference: rule Chapter 12-29, F.A.C.

RESERVE

Enrolling online is easy – visit and complete the [Florida Department of Revenue's \(DOR\) online application](#). Up to 100% of a company's insurance premium tax liability is eligible for the dollar-for-dollar tax credit. Companies may apply for credits more than once and will be approved if credits are available in the funding cap. Reserving credits does not oblige a company to remit the funds – it is merely a way for the Florida DOR to ensure the annual maximum in tax credits is not oversubscribed.

REMIT

Payments can be made by check, wire or ACH. Upon receipt of payment, Step Up For Students will provide a Certificate of Contribution. Any scholarship contribution made before filing an annual return can be used to offset any installment tax payment amount required to meet the prior year exception safe harbor. This means a contribution made on June 1 can offset the April 15, June 15, and October 15 installments. Any payments must be made on or before the annual tax return is due on March 1 following the tax year to qualify for the tax credit.

Theoretically, if a taxpayer's contribution any time during the year equals or exceeds 81% (27% + 27% + 27%) of the net tax due during the preceding year, then the taxpayer may fully avoid any underpayment of installment payments. For example:

- Company A's 2018 net tax due was \$100,000
- Company A's 2019 projected tax due is \$128,000 after credits (\$32,000 / quarter)
- If Company A does not participate in the FTC Scholarship Program the company will owe the lesser of the following paid before April 15, June 15, and October 15 to avoid the penalty:
 - 90% of the current quarter = \$28,800 (times three payments)
 - 27% of the net preceding year = \$27,000 (times three payments)
- If Company A contributes to the FTC Scholarship Program before March 1, 2020, in the amount of \$81,000 or more, it will avoid all penalties (\$27,000 + \$27,000 + \$27,000). This amount will further reduce the tax payment due with the final return.

To earn the tax credits, payments must be remitted to Step Up For Students on or before the annual premium tax return is due March 1.

REPORT

The tax credit is reported on Line 9 (Florida Tax Credit Scholarship Program Credit) of Schedule III of the Florida Insurance Premium Tax and Fees Return (Form DR-908). The DOR approval letter and Certificate(s) of Contribution are required to substantiate the tax credit. A company using the "general" or "standard" method of determining its estimated payment should net the remittance amount from its state tax liability after the application of any other allowable credits. *Any state tax liability remaining after the credits are reserved should be paid as normal estimated tax payments to the Florida DOR. For more information, see Florida DOR [TIP 14ADM-04](#), [TIP 19B8-01](#) and Florida Administrative Code, Rule 12B-8.001(2)(b).*

ADDITIONAL INFORMATION

Transferring Credits: The tax credit can be transferred between members of an affiliated group of corporations, but not between tax types. Companies must [notify the Florida DOR](#) in writing of their intent to transfer credits.

Credit Carry Forward: If a company determines it has insufficient tax liability to take the full credit (amount remitted is greater than 100% of the net tax liability), companies may carry forward the unused credit for a period of 10 years.

Rescission: Sometimes it is necessary for a corporation to rescind all or part of their pledge(s). By completing a rescindment application, your company is releasing your reserved tax credits back into the program cap, allowing other companies to step in and fulfill that amount. There is no penalty for rescinding a pledge. To complete the rescindment application on the FL DOR website, please go to:

<https://taxapps.floridarevenue.com/sfo/RescindmentApplication.aspx>.