

# HOUSE . . . . No. 546

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By Mr. Mahar of Orange, petition of Henry F. Long (Commissioner of Corporations and Taxation) for legislation relative to the taxation of life insurance companies. Taxation.

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## The Commonwealth of Massachusetts

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In the Year One Thousand Nine Hundred and Forty-Three.

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### AN ACT RELATIVE TO THE TAXATION OF LIFE INSURANCE COMPANIES.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Chapter sixty-three of the General  
2 Laws is hereby amended by striking out section  
3 twenty, as most recently amended by section five of  
4 chapter five hundred and nine of the acts of nineteen  
5 hundred and forty-one, and inserting in place thereof  
6 the following:—

7 *Section 20.* Every life insurance company, as de-  
8 fined by section one hundred and eighteen of chapter  
9 one hundred and seventy-five, authorized to transact  
10 business in the commonwealth shall annually pay an  
11 excise of two per cent upon all new and renewal pre-  
12 miums received during the preceding calendar year  
13 for all policies allocable to this commonwealth, upon

14 the basis of residence of the insured therein, as deter-  
15 mined by the commissioner, at the time of payment  
16 of such premiums.

17 The word "premiums" as used in this section shall  
18 include all amounts received as consideration for life  
19 insurance policies without deduction for amounts paid  
20 to other companies for reinsurance and shall include  
21 dividends applied to purchase additional insurance or  
22 to shorten the premium paying period. It shall not  
23 include amounts received as consideration for an-  
24 nuity contracts. In determining the amount of the  
25 excise payable hereunder there shall be deducted, to  
26 the extent that they are properly allocable to pre-  
27 miums taxable hereunder, (a) all premiums returned  
28 to policyholders during said preceding calendar year  
29 but not including cash surrender values, and (b) divi-  
30 dends which during said year have been paid or  
31 credited to policyholders or applied to purchase addi-  
32 tional insurance or to shorten the premium paying  
33 period.

34 All premiums received by any life insurance com-  
35 pany for contingencies of any character insured  
36 against by such company under authority of clause  
37 six of section forty-seven of chapter one hundred and  
38 seventy-five or any other provision of law shall be  
39 excluded, except as hereinafter provided, from taxa-  
40 tion under this section and shall be taxable under  
41 sections twenty-two and twenty-three of this chapter.  
42 All premiums received by any such company for pro-  
43 visions for total and prominent disability or accidental  
44 death benefit incorporated in policies or contracts  
45 under section twenty-four of said chapter one hun-  
46 dred and seventy-five or any supplemental policies

47 issued under said section twenty-four shall be taxable  
48 under this section.

49 Every such company shall annually, on or before  
50 March first, make a return to the commissioner on  
51 oath of its president or secretary and its actuary, in  
52 such form and containing such information as to  
53 premiums received as the commissioner may deem  
54 necessary for the determination of the tax due.

1 SECTION 2. Any life insurance company, author-  
2 ized to transact business in the commonwealth on  
3 December thirty-first, nineteen hundred and forty-  
4 three, which would be required under section twenty  
5 of chapter sixty-three of the General Laws as amended  
6 by section one of this act, to pay an excise greater  
7 than an excise upon the net value of its policies under  
8 said section twenty effective on said date, for the  
9 year nineteen hundred and forty-three and any sub-  
10 sequent consecutive year or years, in lieu of the two  
11 per cent excise on all new and renewal premiums as  
12 provided in section one of this act, shall annually  
13 thereafter pay the excise upon the net value of policies  
14 imposed by section twenty as effective as aforesaid.  
15 Said excise shall be paid for each year until the year  
16 for which the amount thereof equals or exceeds the  
17 amount of the excise imposed by said section twenty  
18 as amended by section one of this act, and for that  
19 year and annually thereafter such company shall pay  
20 an excise on the premium basis. All the provisions of  
21 said chapter sixty-three as effective on December  
22 thirty-first, nineteen hundred and forty-three, appli-  
23 cable to the excise imposed by said section twenty as  
24 then effective, shall continue to apply thereto and to



25 any life insurance company paying said excise under  
26 the authority of this section.

1 SECTION 3. Any life insurance company, author-  
2 ized to transact business in the commonwealth on  
3 December thirty-first, nineteen hundred and forty-  
4 three, which would be required under section twenty  
5 of chapter sixty-three of the General Laws as amended  
6 by section one of this act, to pay an excise less than  
7 an excise upon the net value of its policies under said  
8 section twenty as effective on said date, for the year  
9 nineteen hundred and forty-three and any subsequent  
10 consecutive year or years, in lieu of the two per cent  
11 excise on all new and renewal premiums as provided  
12 in section one of this act, shall annually thereafter  
13 pay an excise of one quarter of one per cent computed  
14 upon said net value of all policies in force on Decem-  
15 ber thirty-first, nineteen hundred and forty-two, issued  
16 or assumed by such company on the lives of residents  
17 of this commonwealth, or upon such net value, if less,  
18 of all policies in force on any subsequent December  
19 thirty-first, as determined by the commissioner of  
20 corporations and taxation. Said excise shall be paid  
21 for each year until the year for which the amount of  
22 the excise premium tax imposed by section twenty  
23 as amended by section one of this act, equals or ex-  
24 ceeds such excise upon net values, and for that year  
25 and annually thereafter such company shall pay such  
26 excise. All the provisions of said chapter sixty-three  
27 as effective on December thirty-first, nineteen hun-  
28 dred and forty-three, applicable to the excise imposed  
29 by said section twenty as then effective, shall except  
30 as herein modified continue to apply thereto and to

31 any life insurance company paying said excise under  
32 the authority of this section.

1 SECTION 4. Section twenty-eight of chapter sixty-  
2 three of the General Laws, as most recently amended  
3 by section six of chapter five hundred and nine of the  
4 acts of nineteen hundred and forty-one, is hereby  
5 further amended by striking out said section and in-  
6 serting in place thereof the following:—

7 *Section 28.* A life insurance company liable to  
8 taxation under section twenty shall pay to the com-  
9 missioner at the time fixed for filing its return by said  
10 section the amount of the tax imposed by said section  
11 as the same shall appear from the face of the return.  
12 The commissioner shall assess upon all insurance  
13 companies, other than life insurance companies, the  
14 taxes imposed by sections twenty-one to twenty-  
15 three, inclusive, and shall forthwith upon making  
16 such assessment give to every such company notice  
17 of the amount thereof. Such taxes, other than the  
18 excise payable by a life company under section  
19 twenty, shall become due and payable to the commis-  
20 sioner thirty days after the date of such notice but  
21 not later than June first. All taxes shall bear interest  
22 at the rate of six per cent per annum from the date  
23 payable until June first and whether assessed before  
24 or after June first shall bear interest at the rate of  
25 twelve per cent per annum from June first until they  
26 are paid.

27 Within sixty days after the payment of an excise  
28 under section twenty by a life insurance company, or  
29 within a like period after the date of such notice to a  
30 company other than a life insurance company, any

31 company may apply to the commissioner for a cor-  
32 rection of said excise, and in default of settlement  
33 may upon application within thirty days of the date  
34 of notification of the commissioner's decision be heard  
35 thereon by the appellate tax board. If abatement of a  
36 tax paid is granted, the overpayment with interest  
37 thereon at the rate of six per cent per annum from  
38 the date of payment shall be refunded to the company  
39 by the state treasurer without any appropriation  
40 therefor by the general court.

1 SECTION 5. This act shall take effect on January  
2 first, nineteen hundred and forty-four.



