



March 1, 2016

Dear Property and Casualty Insurer:

In December 2015 the Pennsylvania Property & Casualty Insurance Guaranty Association (PP&CIGA) issued a refund of assessments previously paid by member insurers. Pennsylvania law requires member insurers to remit to the commonwealth any refund received from the PP&CIGA for which the member insurer received a tax credit.

This letter is to request information and payment from you, so the Department of Revenue can accurately calculate and collect from your company the recapture of credit against gross premiums tax for payments made to the PP&CIGA for base years 2000, 2001 and 2002. Such credit recapture is provided by statute, 72 P.S. § 7902.1.

The PP&CIGA and the department have determined the December 2014 billing was not sufficient to create a credit. Any previous credits expired in 2009. As such, member insurers must remit the lesser of the distribution received from PP&CIGA for base years 2000, 2001 and 2002 or tax credits utilized from those base years. In calculating the amount due to the commonwealth, the tax credits utilized from the base years 2000 and 2001 must be decreased by the amount recovered as part of the distribution made by the association in prior years.

Only the amounts indicated on the PP&CIGA distribution calculation associated with the "Other" category for base years 2000, 2001 and 2002 are subject to recapture by the Pennsylvania Department of Revenue. This applies to any distribution, whether received as a refund or as an offset against a billing of assessments.

Failure to return the completed schedule on the back of this notice and make the necessary payments by April 29, 2016 will result in assessment of the amount due, plus applicable interest. Payments **must** be made by check; they **cannot** be made electronically.

Please mail the amount due, along with a completed copy of the schedule on the back of this notice, to:

PA Department of Revenue
Bureau of Corporation Taxes (PP&CIGA)
P.O. Box 280704
Harrisburg, PA 17128-0704

If you have any questions regarding this matter, please call 717-783-6031 and select option 7, then option 2. You may also submit questions through the Online Customer Service Center on our website at www.revenue.pa.gov.

Sincerely,

PA Department of Revenue
Bureau of Corporation Taxes