



BULLETIN

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DATE: October 25, 2019
TO: All Surplus Lines Licensees
FROM: Marie E. Rudert, Executive Director
SUBJECT: Independent Public School Surplus Lines Tax Exemption

Section 2901-H of Act 13 of 2019 provides that a charter school, regional charter school, or cyber charter school, as defined in section 1703-A of the Public School Code of 1949, is an independent public school and shall be free from taxation within this Commonwealth to the same extent as a school district. The Pennsylvania Department of Revenue has previously advised that school districts are political subdivisions of the Commonwealth and are, therefore, exempt from surplus lines taxation. Act 13 of 2019 became effective July 1, 2019.

For policies placed after June 30, 2019, premiums received for surplus lines insurance sold to a charter school, regional charter school, or cyber charter school is not subject to surplus lines tax.

Surplus lines premium tax exemption should not be confused with state sales tax exemption. In addition, the determination of tax exemptions is managed by the Pennsylvania Department of Revenue, not the Pennsylvania Insurance Department. The responsibility to obtain a tax exemption determination rests with the insured.

MER/ds