PENNSYLVANIA™
SURPLUS LINES ASSOCIATION

BULLETIN

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DATE: November 28, 2018

TO: All Surplus Lines Licensees

FROM: Marie E. Rudert, Executive Director

SUBJECT: Taxing Risks Outside the United States

PSLA has received several inquiries regarding the surplus lines premium tax due in connection with an insured with a principle place of business in Pennsylvania, but where 100% of the insured risk is located outside of the United States. It is the position of the Pennsylvania Department of Revenue that Pennsylvania is the insured's "home state" under that scenario, and the full 3% surplus lines premium tax is due to the Commonwealth. The surplus lines tax levied pursuant to 40 P.S. sec. 991.1621 applies "when this Commonwealth is the home state of the insured." 40 P.S. sec. 991.1601(b)(2). A business insured's home state is defined by law as: "(i) the state in which an insured maintains its principal place of business," or (ii) if the entire insured risk is outside the state where the insured has its principal place of business, "the state to which the greatest percentage of the insured's taxable premium for that insurance contract is allocated." 40 P.S. sec. 991.1602. Here, because no other state would be allocated any taxable premium, subsection (i) applies and Pennsylvania is deemed the insured's "home state" for surplus lines premium tax purposes.

If you have any questions regarding the surplus lines premium taxation, please call the Pennsylvania Department of Revenue at 717-783-6031.