F. Retaliatory Provisions (G.S. 105-228.8)

When the laws of any other state impose, or would impose, any premium taxes, upon North Carolina companies doing business in the other state that are, on an aggregate basis, in excess of the premium taxes directly imposed upon similar companies by the statutes of this State, the Secretary of Revenue shall impose the same premium taxes, on an aggregate basis, upon the companies chartered in the other state doing business or seeking to do business in North Carolina. Retaliatory tax is reported and paid with the annual Gross Premium Tax return. Special purpose obligations or assessments based on premiums imposed in connection with particular kinds of insurance, the special purpose regulatory charge and dedicated special purpose taxes based on premiums are excluded from retaliatory computations. Seventy-five percent (75%) of the Additional Statewide Fire and Lightning tax is included in the retaliatory computations.

If an insurer changes its state of domicile during the calendar year, the retaliatory tax must be calculated taking into account the portion of the year the company was domiciled in each state, respectively. For example, Company B is chartered in State A from January 1 through July 31, but changes its state of domicile to State B, effective August 1. The retaliatory calculation should reflect the taxes and includable fees and assessments charged by State A for business done for the period January 1 through July 31 and the taxes and includable fees and assessments charged by State B for business done for the period August 1 through December 31. Appropriate documentation supporting the retaliatory calculation must be attached to the gross premium tax return for the calendar year.