

DEPARTMENT OF STATE REVENUE

Information Bulletin #306
General Tax
December 2023
Effective Date: July 2022
(Replaces 306, dated July 2022)

SUBJECT: Insurance Companies

REFERENCES: [IC 6-2.5-3](#); [IC 6-2.5-4](#); [IC 27-1-18-2](#)

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SUMMARY OF CHANGES

Only nonsubstantive, technical changes have been made to this bulletin. It has been primarily changed to reflect updated formatting.

INTRODUCTION

The purpose of this bulletin is to explain the application of sales and use tax and insurance premium tax to insurance companies. All insurance companies are subject to the payment of Indiana sales and use tax on all purchases and leases of tangible personal property. The fact that such insurance companies elect to pay a "premium tax" in lieu of certain other taxes does not exempt them from Indiana sales and use tax.

INSURANCE PREMIUM TAX

A foreign insurance company (one organized under the laws of a state other than Indiana) doing insurance business in Indiana is required by [IC 27-1-18-2](#) to pay the insurance premium tax to the Indiana Department of Insurance. Paying the premium tax exempts a foreign corporation from the adjusted gross income tax on its insurance business income.

A domestic insurance company is exempt from the adjusted gross income tax if it elects to pay the premium tax. A captive insurer subject to tax under [IC 27-1-2-2.3](#) is exempt from the adjusted gross income tax.

APPLICATION OF SALES TAX TO INSURANCE COMPANIES

The purchase of all personal property used or consumed by the insurance company is subject to either sales or use tax. Sales tax should normally be paid to the seller at the time of purchase. However, if the seller is an out-of-state merchant that does not have economic nexus with Indiana, or if sales tax is not otherwise paid at the time of purchase, the insurance company is liable for the payment of use tax.

If the insurance company is a registered retail merchant, purchases subject to use tax must be reported on their sales and use tax return (Form ST-103) at the same time any sales tax is reported. If the insurance company is not a registered retail merchant, they can file the Consumer's Use Tax Return (Form ST-115), which can be done using the department's online e-services portal, called the Indiana Taxpayer Information Management Engine (INTIME), accessed at intime.dor.in.gov. If you have any questions concerning this bulletin, please contact the Tax Policy Division at taxpolicy@dor.in.gov.

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