2010
North Carolina
Self-Insured Workers’ Compensation Corporation
Gross Premium Tax Return Instructions

Part 1 – Computation of Gross Premium Tax

Line 1 – Adjusted Taxable Premiums
Complete Part 4 and enter Total Adjusted Taxable Premiums from Part 4 on Line 1.

Line 2 – Gross Premium Tax
Multiply the amount on Line 1 by 2.5% (.025).

Line 3 – Tax Credits
a. Guaranty Fund – Enter the amount of credit available shown on the tax offset notice provided by the North Carolina Insurance Guaranty Association or the North Carolina Life & Health Insurance Guaranty Association. Payments made to the North Carolina Insurance Guaranty Association or the North Carolina Life & Health Insurance Guaranty Association can be taken as a credit against the Gross Premium Tax. The credit is taken in 5 equal installments, the first of which can be taken in the year following the year in which the payment is made. The credit cannot exceed the Gross Premium Tax for the year. Tax offset notices are provided annually by the associations referenced above. A copy of the tax offset notice must be attached.
b. NC-478 – Enter the total credits claimed (excluding guaranty fund credits). Credits available are Supplemental Workers’ Compensation Credits, specific Article 3A Credits, Article 3J Credits, Low-Income Housing Credit, and Mill Rehabilitation Credit. A copy of Form NC-478, applicable NC-478 Series, and/or Form CD-425 in support of credits claimed must be attached.

Line 4 – Gross Premium Tax Liability
Subtract Line 3a plus Line 3b from Line 2.

Line 5 – Prior Year Credit Applied to 2010
If the amount on Line 7 of the 2009 Form IB-43 is an overpayment, enter the amount of this overpayment to be applied to tax year 2010.

Line 6 – Gross Premium Tax Installment Payments
Enter the total Gross Premium Tax installment payments made during the year. Installment payments are due April 15, June 15 and October 15. Each installment must be equal to 33 1/3% of the tax liability for the first preceding tax year.

Line 7 – Balance of Gross Premium Tax Due
Subtract Line 5 plus Line 6 from Line 4. If the total of Line 5 plus Line 6 is less than Line 4, additional tax is due. If the total of Line 5 plus Line 6 is more than Line 4, enter the amount of overpayment on Line 10.

Line 8 (a) – Interest
Interest at the rate established by G.S. 105-241.21 accrues on taxes paid after the due date. See the Department’s website, www.dornc.com, for the current interest rate.
Line 8 (b) – Penalties
a. Failure to File Penalty
   Any annual return or installment form not filed by its respective due date is subject to a
   penalty of 5% of the amount due for each month, or part of a month, the return or form is
   late. The minimum penalty is $5.00 and the maximum penalty is 25% of the amount due.
   There is no provision for an extension of time to file annual returns or installment forms.
b. Failure to Pay Penalty
   Any payment of tax that is due with the annual return or as an installment and is made
   after the statutory due date of the respective payment is subject to a late payment penalty
   of 10% of the unpaid amount. The minimum penalty is $5.00. There is no provision for
   an extension of time to pay the amount of tax due.
c. Other Penalties
   Other penalties, such as negligence, fraud, or filing a frivolous return may be assessed.
   In addition, a taxpayer may be subject to criminal penalties such as fraud with intent to
   evade or defeat the tax, and willful failure to file a return, supply information, or pay the
   tax.

Line 9 – Total Gross Premium Tax Due
Add Lines 7, 8a and 8b.

Line 10 – Overpayment
If the total of Line 5 plus Line 6 is more than Line 4, enter the amount of overpayment here.

Line 11 – Amount of Line 10 to be Applied to 2011 Gross Premium Tax
Enter the portion of the overpayment on Line 10 that is to be applied to the 2011 Gross
Premium Tax liability. The amount of overpayment may be applied in total or in part to the
2011 Gross Premium Tax liability.

Line 12 – Gross Premium Tax to Be Refunded
Subtract Line 11 from Line 10.

Part 2 – Computation of Insurance Regulatory Charge

Line 13 – Gross Premium Tax Liability
Enter the Gross Premium Tax Liability amount from Part 1, Line 2.

Line 14 – Insurance Regulatory Charge
Multiply Line 13 by 6.0% (.06).

Line 15 – Prior Year Credit Applied to 2010
If the amount on Line 12 of the 2009 Form IB-43 is an overpayment, enter the amount of this
overpayment to be applied to tax year 2010.

Line 16 – Insurance Regulatory Charge Installment Payments
Enter the total Insurance Regulatory Charge installment payments made during the year.
Installment payments are due April 15, June 15 and October 15. Each installment payment
must be equal to 33 1/3% of the tax liability for the first preceding tax year.

Line 17 – Balance of Insurance Regulatory Charge Due
Subtract Line 15 plus Line 16 from Line 14. If the total of Line 15 plus Line 16 is less than
Line 14, additional Insurance Regulatory Charge is due. If the total of Line 15 plus Line 16
is more than Line 14, enter the amount of overpayment on Line 20.
Line 18 (a) – Interest
Interest at the rate established by G.S. 105-241.21 accrues on taxes paid after the due date. See the Department’s website, www.dornc.com, for the current interest rate.

Line 18 (b) – Penalties

a. Failure to File Penalty
Any annual return or installment form not filed by its respective due date is subject to a penalty of 5% of the amount due for each month, or part of a month, the return or form is late. The minimum penalty is $5.00 and the maximum penalty is 25% of the amount due. There is no provision for an extension of time to file annual returns or installment forms.

b. Failure to Pay Penalty
Any payment of tax that is due with the annual return or as an installment and is made after the statutory due date of the respective payment is subject to a late payment penalty of 10% of the unpaid amount. The minimum penalty is $5.00. There is no provision for an extension of time to pay the amount of tax due.

c. Other Penalties
Other penalties, such as negligence, fraud, or filing a frivolous return may be assessed. In addition, a taxpayer may be subject to criminal penalties such as fraud with intent to evade or defeat the tax, and willful failure to file a return, supply information, or pay the tax.

Line 19 – Total Insurance Regulatory Charge Due
Add Lines 17, 18a and 18b.

Line 20 – Overpayment
If the total of Line 15 plus Line 16 is more than Line 14, enter the amount of overpayment here.

Line 21 – Amount of Line 20 to be Applied to 2011 Insurance Regulatory Charge
Enter the portion of the overpayment on Line 20 that is to be applied to the 2011 Insurance Regulatory Charge liability. The amount of overpayment may be applied in total or in part to the 2011 Insurance Regulatory Charge liability.

Line 22 – Insurance Regulatory Charge to be Refunded
Subtract Line 21 from Line 20.

Part 3 – Amount Due

Line 23 – Total Payment Due for 2010
Add Lines 9 and 19. An overpayment in one part cannot be used to offset an amount due in the other part.

Part 4 – Adjusted Taxable Premiums Calculation
Standard job class descriptions and job class codes are established by the National Council on Compensation Insurance. Taxable percentages to be used in the calculation of taxable premiums for each specific job class are established by the North Carolina Rate Bureau. The Experience Modification Factor is also established by the North Carolina Rate Bureau and is usually “1.00000”. However, a company may petition the North Carolina Rate Bureau for an adjusted factor. The table of job class descriptions, job class codes, and taxable percentages to be used in completing the 2010 Gross Premium Tax Return is available at http://www.dornc.com/downloads/insurance.html.
Job Class Description Column
Using the rates table at http://www.dornc.com/downloads/insurance.html, enter the Job Class Description of each job performed by the company.

Job Class Column
Using the rates table at http://www.dornc.com/downloads/insurance.html, enter the Job Class code that corresponds with the Job Class Description entered in the Job Class Description column.

Note: For Job Class codes 0908, 0913, 1005, 2705, 6702, 6703, 6704, 8833, and 9040 contact the Department at 919-715-0869 for special instructions.

Taxable Percentage Column
Using the rates table at http://www.dornc.com/downloads/insurance.html, enter the Taxable Percentage for each Job Class code entered in the Job Class column.

Payroll Amount Column
Enter the amount of payroll paid by the company in 2010 for each Job Class code.

Taxable Premiums Column
Multiply the Payroll Amount for each specific Job Class code by the Taxable Percentage for that job class code.

Total Taxable Premiums
Enter the total amount of Taxable Premiums from the Taxable Premiums column.

Approved Experience Modification Factor
Enter “1.00000” or the company’s Approved Experience Modification Factor. If the Approved Experience Modification Factor used is not “1.00000”, attach a copy of the document(s) issued by the North Carolina Rate Bureau supporting the factor used.

Total Adjusted Taxable Premiums
Multiply the Total Taxable Premiums by the company’s Approved Experience Modification Factor. Enter the amount of Total Adjusted Taxable Premiums on Part 1, Line 1.

Calculation Example:

<table>
<thead>
<tr>
<th>Job Class Description</th>
<th>Job Class</th>
<th>Taxable Percentage (00.00000%)</th>
<th>Payroll Amount</th>
<th>Taxable Premiums</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm: Nursery Employees &amp; Drivers</td>
<td>0005</td>
<td>3.40070</td>
<td>$100,000.00</td>
<td>$3,400.70</td>
</tr>
<tr>
<td>Farm: Field Crops &amp; Drivers</td>
<td>0037</td>
<td>4.19054</td>
<td>$500,000.00</td>
<td>$20,952.70</td>
</tr>
</tbody>
</table>

Total Taxable Premiums: $24,353.40

Approved Experience Modification Factor: 1.00000

Total Adjusted Taxable Premiums: $24,353.40