|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Checklist 9—Tax and Compliance** | **Project Assigned To** | **Date Completed** | **Completed By** | **Notes** |
| ***Income Taxes (Federal and State)*** |  |  |  |  |
| File federal, state and municipal returns at appropriate reporting dates (income tax, premium tax, information returns, etc.) |  |  |  |  |
| Meet with company personnel responsible for filing the corporate income tax returns and obtain background information. Determine the following:* If the returns have been filed on a consolidated basis with affiliated entities.
* The filing form used (i.e., 1120, 1120L or 1120-PC).
* If the company is current with its filings and tax payments (including current-year estimated tax payments if applicable).
* Which state income tax returns were filed.
* If there are any outstanding tax refunds or unused losses that can be utilized in the current period or carried back. If so, file appropriate return such as an amended return with net operating loss carryback claim.
* If returns are consolidated, secure a copy of the current tax sharing / tax allocation agreement. Discuss with company personnel. Verify that the companies are adhering to the provisions of the agreement, including the settling of balances due.
 |  |  |  |  |
| Complete and mail the Power of Attorney, Form 2848, to the IRS within 15 days of receivership. |  |  |  |  |
| File Form 56 (Notice Concerning Fiduciary Relationship) with the IRS. Enclose a certified Order of Conservation, Rehabilitation or Liquidation. Also, formally request a record of account from the IRS for at least the past three years for income and payroll taxes. |  |  |  |  |
| Obtain and review copies of most recently filed federal and state income tax returns, including any returns necessary to review if net operating losses for those years are still available. |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Checklist 9—Tax and Compliance** | **Project Assigned To** | **Date Completed** | **Completed By** | **Notes** |
| Determine and schedule the date of when the next returns are to be filed. If the deadline cannot be met, file the appropriate application for extension. |  |  |  |  |
| Secure and review tax return work papers for last year filed. Work papers should include details of adjustments from book income to taxable income. Copy relevant documents as necessary. |  |  |  |  |
| Meet with outside accounting firm and discuss company’s tax situation, if applicable. Request and review tax work papers for most recently filed return. |  |  |  |  |
| Determine what sources are to be used for filing income tax returns. |  |  |  |  |
| Obtain a copy of the following documents for the period up to the date of liquidation and the previous year-end: general ledger (including a listing of all posted entries within each account), trial balance, chart of accounts and financial statements. Review general ledger for unusual items or discrepancies. Obtain backup information and discuss with company personnel as necessary to get a better understanding of financial statement items. |  |  |  |  |
| Obtain a copy of the last published annual statement and any subsequent quarterly financial statements filed. |  |  |  |  |
| Consult with company personnel to determine if any IRS or state assessments have been made, liens filed or bank accounts levied. Assessments include penalties and interest for late filing or non- filing of income tax, payroll, and information returns and/or late payment or nonpayment of the related taxes. Request an abatement of penalties for reasonable cause if not already done so. |  |  |  |  |
| Prepare a listing of government agencies (and their addresses) where income tax returns are filed so proofs of claims can be mailed. |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Checklist 9—Tax and Compliance** | **Project Assigned To** | **Date Completed** | **Completed By** | **Notes** |
| ***Information Returns*** |  |  |  |  |
| Meet with company personnel to determine which information returns apply. Use the current year IRS packages, Instructions to Filers of Forms 1099/1096, 1098, 5498, W-2G, W-3, 940, and 946or Instructions for Form 5500 as a guide. |  |  |  |  |
| Prepare a listing of reports to be prepared and filing due dates. File an available application for extension of time to file the return(s), if necessary. |  |  |  |  |
| Monitor preparation and/or file various information returns required by the IRS. Common information returns for insurance companies include Forms 1099-MISC/1096 (Miscellaneous Income), 1099- R/1096 (Distribution from Pensions, Annuities, IRAs, Insurance Contracts, etc.), 5498 (Individual Retirement Information), 1098 (Mortgage Interest Statement), 5500 (Annual Return/Report of Employee Benefit Plan), W-2/W-3, 940 and 941. Coordinate efforts with the payroll department regarding the 5500s. |  |  |  |  |
| Secure copies of information returns and recent Form W-9s (Request for Taxpayer Identification Number and Certification). Review work papers or any related support and consult with company personnel and/or the third-party administrator, if applicable. |  |  |  |  |
| Determine what data sources are needed to file 1099s. If sources are computerized, coordinate with the IT Department to extract these reports. Also work with IT to transmit 1099 information to IRS electronically or via magnetic media (required if 250 or more forms.) |  |  |  |  |
| Determine whether all information needed to file returns is available. Obtain a list of names, addresses and phone numbers of vendors. If taxpayer identification numbers are not on hand, request such via mailing of Form W-9 to the appropriate parties (or obtain via phone, fax or e-mail). Use company personnel if available. |  |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Checklist 9—Tax and Compliance** | **Project Assigned To** | **Date Completed** | **Completed By** | **Notes** |
| ***State Premium, State Franchise and Municipal Taxes*** |  |  |  |  |
| Determine if the company is current with its state and local premium tax return filings, including those required for interim periods and state franchise returns. Secure documents noting any estimated tax payments made during current tax year or prior year. |  |  |  |  |
| Determine whether there were any premium tax overpayments that have not yet been received. Also, determine if there are any unused credits available for the current period. |  |  |  |  |
| Extract statistical reports to be used for filing state premium and municipal taxes before closing down on-site operations. |  |  |  |  |
| Prepare and file premium or municipal tax returns as required. Use company personnel if available.* Advise entities that returns are final, if appropriate
* Enclose a copy of the liquidation, rehabilitation or conservation order
* For companies in liquidation, where taxes are due, obtain a Proof of Claim form and enclose with return
 |  |  |  |  |
| ***Companies in Conservation or Rehabilitation*** |  |  |  |  |
| In cases when receiver is unable to file certain reports or it is deemed too costly to prepare, advise state of such. Request a waiver of filing requirement and/or any related penalties for non- compliance. |  |  |  |  |
| ***Tax and Compliance Records*** |  |  |  |  |
| Determine the approximate number of files housed at each branch, outside facility or other location and arrange for an inventory to be taken. |  |  |  |  |
| Determine if files at branches or outside facilities need to be returned or sent to other locations. |  |  |  |  |
| Complete ID of all tax and compliance files. |  |  |  |  |