Statutory Accounting Principles (E) Working Group
Maintenance Agenda Submission Form
Form A

Issue: Updates to INT 18-03 for OBBBA

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☒	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☒	☒	☒

Description of Issue: In 2018, the Working Group adopted INT 18-03, Additional Elements Under the Tax Cuts and Jobs Act, which provided guidance for three specific provisions of the TCJA, which were Repatriation Transition Tax (RTT), Alternative Minimum Tax (AMT) credit, and Global Intangible Low-Taxed Income (GILTI), all of which were addressed by the INT. In 2025, congress passed the One Big Beautiful Bill Act (OBBBA), which further addressed some of the prior tax provisions. This agenda intends to address these three aspects of INT 18-03.

RTT was a one-time transition tax on untaxed foreign earnings of foreign subsidiaries of U.S. companies. This guidance had an eight-year period under which the liability could be paid in accordance with IRC 965 of the Internal Revenue Code. This guidance was originally applicable for 2018, so year-end 2026 would be the last year where balances would exist. This guidance would be nullified in 2027 and the Blanks (E) Working Group would be directed to remove it from the annual statements.

AMT credit was set up to be used in 2021 reporting years or prior, so these balances do not exist at this point. This agenda item recommends that the Blanks (E) Working Group be directed to remove these disclosures from Note 9.

Net Controlled Foreign Corporations Tested Income (NCTI), formerly known as the Global Intangible Low-Taxed Income (GILTI), was originally created by the TCJA, and was further developed and made permanent by the OBBBA. This agenda item recommends that the guidance from INT 18-03 for NCTI be added to SSAP No. 101, which will allow the INT to be nullified in full once the RTT guidance is no longer needed in 2027.

Existing Authoritative Literature: Existing guidance is in INT 18-03, which is attached to this document, and in SSAP No. 101.

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups): None

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:
None

Convergence with International Financial Reporting Standards (IFRS): None

Staff Recommendation: NAIC staff recommends that the Working Group move this item to the active listing, categorized as a SAP clarification, and expose revisions to INT 18-03, as illustrated in Exhibit 1 of

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this agenda item to nullify the INT, effective Jan. 1, 2027, and to add language in SSAP No. 101—Income Taxes, as illustrated below, to add language for NCTI. These revisions provide updates to guidance that was originally created by the TCJA, and subsequently updated by the OBBBA, or for guidance from the TCJA that included an ending date for the provisions.

The three provisions of INT 18-03 will each had a slightly different outcome in this agenda item. RTT will be allowed to expire as the liabilities were to be paid over an eight-year period, ending in 2026, so this guidance is no longer needed, and the disclosures can be removed in 2027. AMT credits would have been used in 2021 or prior, so this agenda item recommends that the Blanks (E) Working Group be directed to remove that reporting upon adoption. NCTI (formerly known as GILTI) was made permanent under the OBBBA, so this is recommended to be added to SSAP No. 101, as illustrated below. On Jan. 1, 2027, INT 18-03 can be nullified in full once the RTT provisions have expired, since the NCTI guidance will be included in SSAP No. 101 and the AMT guidance will have already expired.

SSAP No. 101, Disclosures

24. The significant components of income taxes incurred (i.e., current income tax expense) and the changes in DTAs and DTLs shall be disclosed. Those components would include, for example:

    a. Current tax expense or benefit;

    b. The change in DTAs and DTLs (exclusive of the effects of other components listed below);

    c. Investment tax credits;

    d. The benefits of operating loss carryforwards;

    e. Adjustments of a DTA or DTL for enacted changes in tax laws or rates or a change in the tax status of the reporting entity; and

    f. Adjustments to gross deferred tax assets because of a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset, and the reason for the adjustment and change in judgment.

    ~~f.~~g. Net Controlled Foreign Corporations Tested Income (NCTI), formerly known as Global Intangible Low-Taxed Income (GILTI) tax from the current-year tax return is treated as a current-year tax item in accordance with paragraph 3. The amount payable shall be recognized as a current-year expense with a liability recognized as a current federal and foreign income tax. Reporting entities shall not recognize deferred tax for basis differences in foreign entities. (As an exception to this general rule, reporting entities are permitted to recognize deferred tax items for basis differences expected to reverse as NCTI in future years if they have recognized deferred tax items for basis differences expected to reverse as NCTI under U.S. GAAP. However, a reporting entity that has recognized deferred tax items for NCTI under U.S. GAAP may follow the statutory accounting general rule (no recognition of deferred tax items). Reporting entities that recognize deferred tax items for NCTI shall explicitly disclose this item in Note 9, beginning with the 2018 year-end statutory financial statements.)

Staff Review Completed by: Jake Stultz – NAIC Staff

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Status:
On August 12, 2026, the Statutory Accounting Principles (E) Working Group exposed revisions to nullify INT 18-03, effective Jan. 1, 2027, and to add language in *SSAP No. 101—Income Taxes* for NCTI. These revisions provide updates to guidance that was originally created by the TCJA, and subsequently updated by the OBBBA, or for guidance from the TCJA that included an ending date for the provisions. With nullification of the INT, it will move to the Appendix H – Superseded SSAPs and Nullified Interpretations of the Accounting Practices and Procedures Manual for historical purposes. Appendix H is available on the Working Group website.

On November 15, 2026, the Statutory Accounting Principles (E) Working Group adopted, as final, revisions to nullify INT 18-03, effective Jan. 1, 2027 (illustrated in Exhibit 1), and to add language in *SSAP No. 101—Income Taxes* (illustrated above) for NCTI. With nullification of the INT, it will move to the Appendix H – Superseded SSAPs and Nullified Interpretations of the *Accounting Practices and Procedures Manual* for historical purposes.

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EXHIBIT 1

Interpretation of the Statutory Accounting Principles (E) Working Group

INT 18-03: Additional Elements Under the Tax Cuts and Jobs Act

Nullified effective Jan. 1, 2027, with prior GILTI guidance moved into SSAP No. 101.

INT 18-03 Dates Discussed

May 14, 2018; August 4, 2018; August 12, 2026, November 15, 2026

INT 18-03 References

Current:
SSAP No. 101—Income Taxes

INT 18-03 Issue

1. This interpretation has been issued to provide statutory accounting and reporting guidance for the following items under the federal Tax Cuts and Jobs Act (TCJA) as additional guidance to *SSAP No. 101—Income Taxes*:

   a. Repatriation Transition Tax (RTT)

   b. Alternative Minimum Tax (AMT) Credit

   c. Global Intangible Low-Taxed Income (GILTI)

Issue 1 – Repatriation Transition Tax

2. The Repatriation Transition Tax (RTT) is a one-time transition tax on untaxed foreign earnings of foreign subsidiaries of U.S. companies. Under section 965 of the Internal Revenue Code (IRC), these earnings are deemed to be repatriated. Under the IRC guidance, foreign earnings held in the form of cash and cash equivalents are taxed at a 15.5% rate, and the remaining earnings are taxed at an 8% rate.

   a. The RTT is calculated in the 2017 and, in some cases, the 2018 tax return. It is not a temporary tax item and does not reverse in subsequent years.

   b. The RTT is an amount owed under the revised tax law, and is not impacted by future taxable income.

   c. Although the full amount of the calculated RTT is owed, companies can elect to pay the liability over eight years under a set IRC schedule. If electing to make installment payments, the future RTT payments are due regardless whether a company has future taxable income or losses.

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Issue 2 – Alternative Minimum Tax Credit

3. The Alternative Minimum Tax (AMT) credit is, pursuant to the provisions of the TCJA, a tax refund of AMT amounts paid in prior periods. The AMT credit can be recovered through an offset to regular taxes or received as a refund.

a. A reporting entity could realize all of its AMT receivable in the 2018 tax year if it is used to reduce its regular tax obligation. (It could also be used fully in 2019-2021 in this manner.)

b. If the AMT credit carryforward is not used to reduce regular taxes, it can be recovered as a refund (50%) to the extent not so used in tax years 2018 through 2020, with a 100% refund in 2021 to the extent not used to reduce 2021 regular tax liability.

c. If the AMT credit will be received as a refund (and not as an offset to tax liability), it may be subject to U.S. federal administrative sequestration requirements, which could reduce the amount paid by the federal government. (In 2017, the sequestration percentage was 6.6%, but this percentage varies yearly.)

d. U.S. GAAP guidance permits reporting the AMT credit as a current-year recoverable or as a deferred tax asset (DTA).

Issue 3 - Global Intangible Low-Taxed Income Tax - Description

4. The Global Intangible Low-Taxed Income (GILTI) tax is a new tax under the TCJA and is calculated each year on a portion of a controlled foreign corporation's active income.

a. GILTI is included in 2018 and subsequent year tax returns. An amount owed for GILTI in any tax year is not a temporary tax item and does not reverse in subsequent years. GILTI is a current income tax.

b. Assessments of changes in the basis differences in foreign entities could result in calculations of deferred tax items related to GILTI. The issue is whether existing basis differences will result in GILTI when they reverse. Although these deferred items may be theoretically correct, such calculations are expected to be very complex and require aggregate assessments that consider all companies within a consolidated tax group.

c. In January 2018, the *Financial Accounting Standards Board* (FASB) *Staff Q&A Topic 740, No. 5 Accounting for Global Intangible Low Taxed Income* identified that reporting entities may make an election to recognize deferred items under GILTI. (The recognition of the deferred items does not impact current tax recognition for GILTI, but whether basis differences for foreign controlled entities shall result in deferred tax assets or deferred tax liabilities.) The FASB Staff Q&A Topic 740, No. 5 also identified that FASB staff will be monitoring how entities that pay tax on GILTI are accounting for and disclosing these deferred effects over the next few quarters. The FASB staff will provide a subsequent update so the FASB can consider whether accounting and disclosure improvements are needed for U.S. GAAP.

INT 18-03 Discussion

5. The Statutory Accounting Principles (E) Working Group consensuses for accounting and reporting for the noted items are included below.

Issue 1 – Repatriation Transition Tax:

6. The Repatriation Transition Tax (RTT) is a current-year tax item captured in SSAP No. 101, paragraph 3. The amount payable shall be recognized as a current-year expense with a liability recognized as "current federal and foreign income taxes" and not as a deferred tax liability (DTL), regardless if an entity elects to make installment payments of the amount owed or pays the amount in full.

Disclosure

7. Reporting entities that are subject to the RTT shall include the following in a narrative disclosure as part of the income tax disclosures in Note 9:

a. RTT owed under the TCJA.

b. Schedule of payments made and expected future payments to satisfy the RTT liability. This disclosure shall explicitly identify whether the insurance entity has remitted full payment of the RTT, or whether the reporting entity is electing to pay the liability under the permitted installments. If the reporting entity fully remitted the RTT, disclosure of the RTT and the remitted payment is only required in the year-end 2018 financial statements. Reporting entities electing to make installment payments shall include the disclosure beginning in the year-end 2018 financial statements and continuing through the year-end statutory financial statements for the year in which the last installment payment was remitted.

Issue 2 – Alternative Minimum Tax Credit:

8. The Alternative Minimum Tax (AMT) credit qualifies as a current income tax recoverable pursuant to paragraph 9 of SSAP No. 101. Although qualifying as a current-year recoverable, some companies may elect to report the AMT credit as a DTA. Although the AMT refund qualifies as a current income tax recoverable, in order to mirror provisions permitted under U.S. GAAP, reporting entities may elect to report the AMT credit as either a current-year recoverable or as a DTA. If reported as a DTA, it would be subject to the statutory accounting admittance limitations for DTAs. If the AMT credit accounted for as a DTA exceeds statutory admittance provisions, it would be nonadmitted under SSAP No. 101.

Disclosure

9. Reporting entities with an AMT credit shall include the following narrative disclosure as part of the income tax disclosures in Note 9:

a. Identification of whether the AMT credit was recognized as a current-year recoverable or DTA.

b. The balance of the AMT credit carryforward as of the beginning of the year; the amount of the AMT credit recovered during the year; other current-year adjustments to the AMT

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credit carryforward; the balance of the AMT credit carryforward at the end of the year; the amount, if any, by which the ending balance has been reduced for sequestration; and the amount, if any, by which the reporting entity has elected to nonadmit. (This disclosure intends to capture any nonadmittance of the AMT credit by the reporting entity prior to application of the DTA admittance limitations reflected in SSAP No. 101.)

(These disclosures shall be made on an accrual basis beginning in the 2018 year-end statutory financial statements and continuing through the year-end statutory reporting period in which the AMT credit is fully utilized/received.)

Issue 3 – Global Intangible Low-Taxed Income Tax:

10. Under statutory accounting, reporting entities shall not recognize deferred GILTI tax for basis differences in foreign entities. GILTI tax from the current-year tax return is treated as a current-year tax item captured in SSAP No. 101, paragraph 3. The amount payable shall be recognized as a current-year expense with a liability recognized as a current federal and foreign income tax.

11. As an exception to this general rule, reporting entities are permitted to recognize deferred tax items for basis differences expected to reverse as GILTI in future years if they have recognized deferred tax items for basis differences expected to reverse as GILTI under U.S. GAAP. However, a reporting entity that has recognized deferred tax items for GILTI under U.S. GAAP may follow the statutory accounting general rule (no recognition of deferred tax items). Reporting entities that recognize deferred tax items for GILTI shall explicitly disclose this item in Note 9, beginning with the 2018 year-end statutory financial statements.

INT 18-03 Status

12. Any accounting change required by INT 18-03 shall, if not otherwise covered by *INT 18-01: Updated Tax Estimates Under the Tax Cuts and Jobs Act*, be recognized as a change in accounting estimate, pursuant to *SSAP No. 3—Accounting Changes and Corrections of Errors.*

13. The consensuses adopted in this interpretation provide information regarding the RTT, AMT credit and GILTI under the federal Tax Cuts and Jobs Act, and the statutory accounting assessment for reporting and disclosure for each of these items.

~~13.~~14. On November 15, 2026, the Working Group nullified INT 18-03, effective January 1, 2027. Guidance for RTT and AMT credit were allowed to expire, and guidance related to GILTI, now known as Net Controlled Foreign Corporations Tested Income (NCTI), which was made permanent by the One Big Beautiful Bill Act (OBBBA), and was added to SSAP No. 101.

~~14.~~15. No further discussion is planned.

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