

# LIFE INSURANCE COMPANY INCOME TAX RETURN

FOR COMPANIES ISSUING LIFE AND ANNUITY CONTRACTS, INCLUDING COMBINED LIFE, HEALTH, AND ACCIDENT INSURANCE

## For Calendar Year 1927

File This Return with the Collector of Internal Revenue for Your District on or Before March 15, 1928

PRINT PLAINLY COMPANY'S NAME AND BUSINESS ADDRESS

(Name)

(Street and Number)

(Post office and State)

KIND OF BUSINESS

Do Not Write in These Spaces

File Code

Serial Number

(Cashier's Stamp)

Cash Check M. O. Cert. of Ind. First Payment

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As

### SCHEDULE A.—TAXABLE NET INCOME

1. ITEMS.	2. LIFE DEPARTMENT.				3. OTHER DEPARTMENTS.				4. TOTAL.			
<b>GROSS INCOME</b>												
1. Interest from all sources.....	\$				\$				\$			
2. Dividends on stock of domestic and foreign corporations.....												
3. Rents (including \$..... rental value of space occupied by company) (attach schedule).....												
4. TOTALS OF ITEMS 1 TO 3 (extend total of columns 2 and 3 to column 4).....	\$				\$				\$			
<b>DEDUCTIONS</b>												
5. Interest exempt from taxation (attach schedule).....	\$				\$				\$			
6. Excess of, 4% of the mean of the reserve funds over Item 5.....												
7. Dividends deductible under Section 245(a) 3 of the Revenue Act of 1926 (attach schedule).....												
8. Two per cent of the reserve held for deferred dividends.....												
9. Investment expenses (attach schedule).....												
10. Taxes deductible under Section 245(a) 6 of the Revenue Act of 1926.....												
11. Other real estate expenses.....												
12. Depreciation (resulting from exhaustion, wear and tear, or obsolescence) (attach schedule).....												
13. Interest on indebtedness.....												
14. TOTALS OF ITEMS 5 TO 13 (extend total of columns 2 and 3 to column 4).....	\$				\$				\$			
15. NET INCOME (Item 4 minus Item 14).....	\$				\$				\$			

### SCHEDULE B.—COMPUTATION OF TAX

1. Net income (Item 15, Schedule A).....	\$				5. Income tax (12½% of Item 3); or.....	\$			
2. Credit \$2,000, for domestic company having a net income of less than \$25,250.....					6. If a foreign company, 12½% of Item 4.....				
3. Balance (Item 1 minus Item 2).....	\$				7. If the net income of a domestic company is less than \$25,250, enter the amount in excess of \$25,000.....				
4. Net income of foreign company (.....% Item 15, Schedule A).....	\$				8. Total tax (Item 5 or 6 plus Item 7).....	\$			

### SCHEDULE C.—RESERVE FUNDS

1. ITEMS.	2. BEGINNING OF TAXABLE YEAR.				3. END OF TAXABLE YEAR.			
1. Reserve for outstanding policies and annuities.....	\$				\$			
2. Reserve for disability and accidental death benefits.....								
3. Reserve for supplementary contracts.....								
4. Reserve for incurred disability benefits.....								
5. Reserve for policies upon which a surrender value may be demanded (not included elsewhere).....								
6. Deposits made with State officers by Assessment Companies, as required by law.....								
7. Other reserve funds, if any (attach itemized statement).....								
8. TOTALS OF ITEMS 1 TO 7.....	\$				\$			
9. Total of columns 2 and 3, as shown in Item 8 above.....					\$			
10. Mean of the reserve funds for the taxable year (one-half of Item 9).....					\$			
11. Four per cent of the mean of the reserve funds, as shown in Item 10.....					\$			
12. Total reserve funds of foreign companies at end of taxable year upon business within the United States (attach itemized statement).....					\$			
13. Percentage which Item 12 is of Item 8, column 3 (compute a fraction of one per cent to three decimal figures).....								%
14. Give the title and sections of State Statutes or Insurance Department Rulings requiring the reserves claimed above.								

### SCHEDULE D.—INVESTED ASSETS (BOOK VALUES)

1. ITEMS.	LIFE DEPARTMENT.				OTHER DEPARTMENTS.			
	2. BEGINNING OF TAXABLE YEAR.		3. END OF TAXABLE YEAR.		4. BEGINNING OF TAXABLE YEAR.		5. END OF TAXABLE YEAR.	
1. Real estate.....	\$				\$			
2. Mortgage loans.....								
3. Collateral loans.....								
4. Policy loans, including premium notes.....								
5. Bonds and stocks.....								
6. Bank deposits bearing interest.....								
7. Other interest-bearing assets (attach itemized statement).....								
8. TOTALS OF ITEMS 1 TO 7.....	\$				\$			
9. Total of columns 2 to 5, inclusive, as shown in Item 8 above.....					\$			
10. Mean of the invested assets for the taxable year (one-half of Item 9).....					\$			
11. One-fourth of 1 per cent of the mean of the invested assets.....					\$			

### AFFIDAVIT

We, the undersigned, president and treasurer of the company for which this return is made, being severally duly sworn, each for himself, deposes and says that this return, including the accompanying schedules and statements, has been examined by him and is, to the best of his knowledge and belief, a true and complete return made in good faith for the taxable year as stated, pursuant to the Revenue Act of 1926 and the regulations issued under authority thereof.

Sworn to and subscribed before me this \_\_\_\_\_ day of \_\_\_\_\_, 1928.

President.



(Signature of officer administering oath)

(Title)



2-14494

Treasurer.

# INSTRUCTIONS

## 1. COMPANIES REQUIRED TO FILE A RETURN

Every domestic or foreign life insurance company that derives income from sources within the United States, issuing life and annuity contracts (including life, health, and accident insurance), the reserve funds of which held for the fulfillment of such contracts comprise more than 50 per cent of its total reserve funds, shall file a return on this form. See Articles 661 to 687, inclusive, Regulations 69, and Sections 242 to 245, inclusive, of the Revenue Act of 1926.

## 2. ANNUAL STATEMENT

A copy of the annual statement for life insurance companies adopted by the National Convention of Insurance Commissioners for the year 1927, as filed with the Insurance Department of the State in which the company is located, together with copies of Schedule A (real estate) and Schedule D (bonds and stocks), must accompany this return. Similar copies for the preceding year must be also furnished, if not filed with the return for the previous year.

## 3. BASIS OF RETURN

A return on this form shall be rendered on a cash receipts and disbursements basis in conformity with the annual statement made to the State Insurance Department, instead of the accrual basis.

## 4. LIMITATION OF TAX

If the net income of a domestic company reported as Item 15, Schedule A, is more than \$25,000, the tax of 12½ per cent imposed by Section 243 of the Act on the amount of the net income shall not exceed the tax which would be payable if the \$2,000 credit were allowed, plus the amount of the net income in excess of \$25,000.

## 5. PERIOD COVERED

The return shall be for the calendar year ended December 31, 1927, and the net income computed on the calendar year basis in accordance with the State laws regulating insurance companies.

## 6. TIME AND PLACE FOR FILING

The return must be sent to the collector of internal revenue for the district in which the company's principal office is located, so as to reach the collector's office on or before March 15, 1928. In the case of a foreign company not having any office or place of business in the United States, the return shall be filed with the Collector of Internal Revenue, Baltimore, Maryland, on or before June 15, 1928.

The Commissioner may grant a reasonable extension of time for filing a return, if application therefor is made before the date prescribed by law for filing such return, whenever in his judgment good cause exists.

## 7. AFFIDAVIT

The return shall be sworn to by the president, vice president, or other principal officer, and by the treasurer or assistant treasurer. The return of a foreign company having an agent in the United States shall be sworn to by such agent.

## 8. PAYMENT OF TAX

The tax should be paid by sending or bringing with the return a check or money order drawn to the order of "Collector of Internal Revenue at (insert name of city and State)."

Do not send cash through the mail nor pay it in person except at the office of the collector.

The total tax may be paid at the time of filing the return or in four equal installments, as follows:

The first installment shall be paid on or before March 15, 1928, the second installment shall be paid on or before June 15, 1928, the third installment on or before September 15, 1928, and the fourth installment on or before December 15, 1928.

If any installment is not paid on the date fixed for its payment, the whole amount of the tax unpaid shall be paid upon notice and demand by the collector.

## 9. PENALTIES

**For willful failure to make and file a return on time.**—Not more than \$10,000 or imprisonment for not more than one year, or both, and, in addition, 25 per cent of the amount of the tax.

**For willfully making a false or fraudulent return.**—Not more than \$10,000 or imprisonment for not more than five years, or both, and, in addition, 50 per cent of the amount of the tax.

**For deficiency in tax.**—Interest on deficiency at 6 per cent per annum to the date the deficiency is assessed, or to the thirtieth day after the filing of a waiver of the right to file a petition with the Board of Tax Appeals, whichever date is the earlier, and, in addition, 5 per cent of the amount of the deficiency if due to negligence or intentional disregard of rules and regulations without intent to defraud, or 50 per cent of amount of deficiency if due to fraud.

## 10. QUESTIONS

1. Date of incorporation \_\_\_\_\_

2. Under the laws of what State or country? \_\_\_\_\_

3. Did the company file a return under the same name for the preceding taxable year? \_\_\_\_\_ If not, was the company in any way an outgrowth, result, continuation, or reorganization of a business or businesses in existence during this or the preceding taxable year? \_\_\_\_\_ If answer is "yes," give name and address of each predecessor business: \_\_\_\_\_

4. State the amount of deferred dividend funds at the end of the taxable year, exclusive of any amount held for payments during the following taxable year: \$ \_\_\_\_\_

5. Describe the method used for determining the investment expenses shown in Item 9, Schedule A: \_\_\_\_\_

6. Is the above method the same as that used in preparing the Gain and Loss Exhibit for 1926? \_\_\_\_\_ If not, state what change was made and the reason therefor: \_\_\_\_\_

7. Are any general expenses in part assigned to or included in the investment expenses shown in Item 9, Schedule A? \_\_\_\_\_

## 11. INSTRUCTIONS FOR FILING IN SCHEDULE A

Report in column 2 all business transacted in connection with life insurance, and in column 3 any other class of insurance.

**Interest received.**—Enter as Item 1 interest actually received from all sources during the taxable year.

**Dividends.**—Enter as Item 2 dividends actually received on stock of domestic and foreign corporations.

**Rents.**—Enter as Item 3 rents actually received from tenants, including the rental value of the space occupied in any building owned by the company. In case the rental value of a building so occupied is not included in this amount, no deduction on account of such building is allowable for taxes, other expenses, and depreciation in Items 10, 11, and 12, of Schedule A. If these deductions are claimed, a schedule similar to the following should be furnished for each building occupied:

1. Location of building	_____
2. Book value at end of taxable year	_____ \$ _____
3. Gross rents for year, including \$ _____, the rental value of space occupied by the company	_____ \$ _____
4. Less: Taxes	_____ \$ _____
5. Depreciation	_____
6. Other expenses	_____
7. Total of Lines 4, 5, and 6	_____ \$ _____
8. Net income from rentals (Line 3 minus Line 7)	_____ \$ _____

**Interest exempt from taxation.**—Enter as Item 5 the amount of interest received on the following obligations which are exempt from taxation: (1) Obligations of a State, Territory, or any political subdivision thereof, or the District of Columbia; (2) Securities issued under the provisions of the Federal Farm Loan Act or under the provisions of such Act as amended; or (3) Obligations of the United States or its possessions.

Submit a schedule showing separately for each class of securities, (a) name of obligation, (b) amount of principal, (c) rate of interest, and (d) interest received.

**Excess of, 4 per cent of the mean of the reserve funds over Item 5.**—Enter as Item 6 the amount by which Item 11, Schedule C, exceeds Item 5, Schedule A.

**Dividends.**—Enter as Item 7 the total amount of dividends deductible under Section 245(a) 3 of the Act. A schedule should be submitted showing the amount received as dividends, (a) from each domestic corporation other than a corporation entitled to the benefits of Section 262 of the Act and other than a corporation organized under the China Trade Act, 1922, or (b) from each foreign corporation when it is shown to the satisfaction of the Commissioner that more than 50 per cent of the gross income of such foreign corporation for the three-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the foreign corporation has been in existence) was derived from sources within the United States.

**Two per cent of the reserve held for deferred dividends.**—Enter as Item 8 an amount equal to 2 per cent of the reserve held at the end of the taxable year for deferred dividends the payment of which is deferred for a period of not less than five years from the date of the policy contract. Do not include in such reserve any dividends payable during the year following the taxable year.

**Investment expenses.**—Enter as Item 9 expenses paid which are properly chargeable to investment expenses, the total amount of which, if there be any allocation of general expenses to investment expenses, should not exceed one-fourth of 1 per cent of the mean of the invested assets reported in Item 11, Schedule D.

Submit a schedule showing the nature and amount of the items included herein, the minor items being grouped in one amount. See Article 683 of Regulations 69.

**Taxes.**—Enter as Item 10 taxes paid exclusively upon real estate owned by the company, and that proportion of the taxes assessed against individual shareholders and paid by the company without reimbursement, as provided in Article 684 of Regulations 69. Do not include taxes assessed against local benefits of a kind tending to increase the value of the property assessed, as for paving, sewers, etc.

**Other real estate expenses.**—Enter as Item 11 all ordinary and necessary building expenses, such as fire insurance, heat, light, labor, etc., and the cost of incidental repairs which neither materially add to the value of the property nor appreciably prolong its life, but keep it in an ordinarily efficient operating condition. Do not include any amount paid out for new buildings or permanent improvements or betterments made to increase the value of any property.

**Depreciation.**—If a deduction is made on account of depreciation in Item 12, the following schedule must be filed in and the total amount claimed therein should correspond with the figures reflected in the company's books.

The amount deductible on account of depreciation is an amount charged off which fairly measures the loss during the year by reason of exhaustion, wear and tear, or obsolescence in the company's investment in property used in the business. Such an amount should be determined upon the basis of the cost of the property, or if purchased prior to March 1, 1913, the cost or value as of that date, whichever is greater, and the probable number of years remaining of its useful life. Land values must not be included in this schedule. Stocks, bonds, and like securities are not subject to depreciation within the meaning of the law.

Kind of property. (If buildings, state the material of which constructed)	Date acquired	Age when acquired	Probable life after acquisition	Cost, or if acquired prior to Mar. 1, 1913, the fair market value as of that date, whichever is greater	Amount of depreciation charged off	
					Previous years	This year
				\$ _____	\$ _____	\$ _____
				\$ _____	\$ _____	\$ _____
				\$ _____	\$ _____	\$ _____
				\$ _____	\$ _____	\$ _____
TOTALS				\$ _____	\$ _____	\$ _____

NOTE.—If obsolescence is a factor in determining this deduction, attach a statement showing the amount claimed for the taxable year and the basis upon which computed.

**Interest on indebtedness.**—The amount of interest deductible as Item 13 is the amount of interest paid during the taxable year on the company's indebtedness, except on indebtedness incurred or continued to purchase or carry obligations or securities the interest upon which is wholly exempt from taxation. Interest paid on dividends held on deposit and surrendered during the taxable year should be included in this item.

## 12. INFORMATION AT SOURCE

Every corporation making payments of salaries, wages, interest, rents, commissions, or other fixed or determinable income of \$1,500 or more during the calendar year to a single person, a partnership, or a fiduciary, or \$3,500 or more to a married person, or payments of dividends of \$500 or more to a person, a partnership, or a fiduciary, is required to make a true and accurate return to the Commissioner of Internal Revenue, showing the amount of such payments and the name and address of the recipient. Forms 1096 and 1099, for reporting salaries, etc., and Forms 1097 and 1097 A for dividends, will be furnished by any Collector of Internal Revenue upon request. Such returns of information covering the calendar year 1927 must be forwarded to the Commissioner of Internal Revenue, Sorting Section, Washington, D. C., in time to be received not later than March 15, 1928.

## 13. LIST OF ATTACHED SCHEDULES

Attach a list of the schedules accompanying this return, giving for each a brief title and the schedule number. Place name and address of company on each schedule.