

# Special Loss Discount Account and Special Estimated Tax Payments for Insurance Companies

OMB No. 1545-1130  
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▶ **Attach to your income tax return.**

Name	Employer Identification Number
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**Part I Special Loss Discount Account** (See Instructions.)

Accident year	19 .....	19 .....	19 .....	19 .....	19 .....
1 Balance at the beginning of year . . . . .					
2 Undiscounted unpaid losses . . . . .					
3 Discounted unpaid losses . . . . .					
4 Special loss discount limitation (line 2 less line 3)					
5 Additions—Section 847(4)					
6 Subtractions—Section 847(5) . . . . .					
7 Balance at the end of year (line 1 plus line 5, less line 6)					

**Part II Special Estimated Tax Payments** (See Instructions.)

8 Balance at the beginning of year . . . . .					
9 Payments made for year . . . . .					
10 Payments applied for year . . . . .					
11 Balance at the end of year (line 8 plus line 9, less line 10)					

**Part III Tax Benefit Associated with the Additional Deduction under Section 847** (See Instructions.)

		(a) Without the additional deduction under section 847	(b) With the additional deduction under section 847
12 Taxable income (loss) (line 1, page 1, Form 1120-PC) . . . . .	<b>12</b>		
13 Amount from line 27, Schedule A, Form 1120-PC . . . . .	<b>13</b>		
14 Adjusted taxable income (line 12 plus line 13) . . . . .	<b>14</b>		
15 Total tax . . . . .	<b>15</b>		
16 Tax credits . . . . .	<b>16</b>		
17 Other taxes . . . . .	<b>17</b>		
18 Net tax (subtract line 16 from line 15. Add line 17 to the result) . . . . .	<b>18</b>		
19 Tentative tax benefit (line 18, column (a) less line 18, column (b)) . . . . .			<b>19</b>
20 Additional tax benefits from Section 847 deduction (attach computation schedule(s)) . . . . .			<b>20</b>
21 Tax benefit from Section 847 deduction (line 19 plus line 20) . . . . .			<b>21</b>

**Paperwork Reduction Act Notice.—**

We ask for this information to carry out the Internal Revenue laws of the United States. We need it to ensure that taxpayers are complying with these laws and to allow us to figure and collect the right amount of tax. You are required to give us this information.

The time needed to complete and file this form varies depending on individual circumstances. The estimated average time is:

<b>Recordkeeping</b> . . . . .	6 hrs., 42 min.
<b>Learning about the law or the form</b> . . . . .	47 min.
<b>Preparing, copying, assembling, and sending the form to IRS</b> . . . . .	56 min.

If you have any comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to either IRS or the Office of Management and Budget at the addresses listed in the instructions of the tax return with which this form is filed.

**General Instructions**

(References are to the Internal Revenue Code unless otherwise noted)

**Purpose of Form.—Form 8816, Special Loss Discount Account and Special Estimated Tax Payments for Insurance Companies,** must be filed by insurance companies that elect to take an additional deduction under section 847.

**When to File.—**Attach Form 8816 to the tax return filed by the company for the tax year of the deduction and for each subsequent tax year for which there remains an amount of unpaid losses attributable to the deduction.

**Specific Instructions****Part I—Special Loss Discount Account (SLDA)**

Part I must be maintained separately for each accident year in which the special deduction under section 847 is attributable. Do not net amounts from one year against amounts from another.

**Line 1. Balance at the beginning of year.—**Enter on this line the balance in the SLDA at the beginning of the year for which this return is being filed.

**Line 2. Undiscounted unpaid losses.—**Enter the amount of the undiscounted unpaid losses (as defined in section 846(b)) for each accident year, measured as of the end of the tax year, attributable to losses incurred in tax years beginning after December 31, 1986. See section 847(1)(A) for details.

**Line 3. Discounted unpaid losses.—**Enter the amount of the related discounted unpaid losses determined under section 846. See section 847(1)(B) for details.

**Line 5. Additions.—**Enter on this line the excess of the corporation's undiscounted unpaid losses for the year (line 2) over the corporation's discounted unpaid losses for the year (line 3). The amount entered on line 5 may not exceed the amount on line 4. The amount reported on line 5 must be the same amount as on line 27, Schedule A, Form 1120-PC. Generally, additions are only made to a specific loss year's account in the initial year.

**Line 6. Subtractions.—**Enter on this line and on Schedule A, line 12, Form 1120-PC, amounts the corporation is required to remove from the SLDA and include in income. See section 847(5) for details.

**Line 7. Balance at the end of year.—**Enter the total of lines 1 and 5, less line 6.

**Note:** *The amount entered on line 7 may not exceed the amount on line 4.*

**Part II—Special Estimated Tax Payments**

Part II is to be used to reconcile the corporation's special estimated tax payments for each tax year it has made a section 847 election.

**Line 8. Balance at the beginning of year.—**The amount entered on this line should be the same as the ending balance for this account for the year immediately preceding this year. Attach an explanation if it is different.

**Line 9. Payments made for year.—**Enter the total payments made for this accident year. The amount entered on this line for the current accident year must agree with the figures shown on line 21 of this form, and line 14d, page 1, Form 1120-PC. Generally, payments are only made in the initial year an account is established. If amounts are added in subsequent years, attach an explanation.

**Line 10. Payments applied for year.—**Enter the total payments applied to pay additional tax due as a result of including in income amounts required under section 847. The line 10 amount to be applied must agree with the amount on line 14b, page 1, Form 1120-PC.

**Line 11. Balance at the end of year.—**Enter the total of line 8 plus line 9 less line 10.

**Part III—Tax Benefit Associated with the Additional Deduction Under Section 847**

**Line 12, Columns (a) and (b).—**Enter in column (a), taxable income (loss) from Form 1120-PC, page 1, line 1, without taking into account the additional deduction from Form 1120-PC, Schedule A, line 27. Enter in column (b), taxable income (loss) as reported on Form 1120-PC, page 1, line 1.

**Line 15, Columns (a) and (b).—**Compute the tax due on the amount shown on line 14 and enter on line 15.

**Line 16, Columns (a) and (b).—**Enter the allowable tax credits. Any credit limitations should be recomputed using lines 14 and 15. Attach a schedule showing all computations.

**Line 17, Columns (a) and (b).—**Enter on this line any other taxes you are required to pay. See lines 9 through 12, page 1, Form 1120-PC. Also enter any other taxes you are required to add to line 13, page 1, Form 1120-PC. Attach a schedule showing the computation of "other taxes" for both columns (a) and (b) (e.g. alternative minimum tax).

**Line 20.—**Include on this line any additional tax benefits derived from the section 847 additional deduction, such as those from a net operating loss carryback or the filing of a consolidated return.

**Line 21.—**Enter the total of line 19 plus line 20. The amount shown on line 21 must agree with the special estimated tax payments made during the year as shown on line 14d, page 1, Form 1120-PC. Line 21 may not be zero or a negative amount.