



State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
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Dear Foreign Fire Insurance Carrier:

The Insurance Premiums Tax (IPT) law requires all foreign fire insurers to pay an annual 2.1% tax on the insurer's NJ fire insurance premiums.

N.J.S.A. 54:18-1 specifically requires that a return and sum of 2% upon the amount of all NJ fire premiums be made **directly to the Treasurer of the New Jersey State Firemen's Association (NJSFA)**.

For Tax Year 2023 and forward, the Division will strictly enforce the law and will no longer accept 2% Fire Tax payments made through the IPT.

The IPT return has been revised to make clear that the Fire Tax credit against the IPT is the amount of the 2% Fire Tax that is *payable* to the NJSFA. Proof of such payment is still required to be sent to the Division of Taxation and the Division of Banking and Insurance. If the insurer erroneously includes the Fire Tax in its IPT payment without the corresponding Fire Tax credit, the Division will impute the 2% Fire Tax credit amount. Any resulting IPT overpayment will flow through the balance of the tax return and offset the 50% Prepayment of Tax due 6/1. The insurer will be solely responsible for remitting payment directly to the NJSFA.

If there remains an IPT balance due by 6/1, the taxpayer will receive the Notice of Adjustment in early May, advising of that balance. If there is an IPT overpayment, it will be refunded in due course.

In conclusion, the 2% Fire Tax **must** be paid by the insurer directly to the NJSFA, and not to the Division of Taxation, in accordance with the above referenced law. If it is erroneously paid to the Division of Taxation, it will be treated as additional Insurance Premiums Tax and will be processed as stated above.

Questions may be directed to: Lisa D. McCoy, 609-322-6257, Lisa.McCoy@treas.nj.gov