



IDAHO INDUSTRIAL COMMISSION

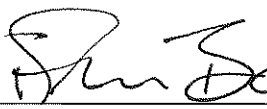
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RE: Premium Tax Audit Guidance

The purpose of this memorandum is to provide guidance on how the Industrial Commission will conduct the Premium Tax Audits.

In compliance with Idaho Code §72-523, 72-524, 72-216 and IDAPA 17.01.01.302.02.f, the Industrial Commission Fiscal Section will:

1. Send a written letter to self-insured entities requesting specific information to complete the audit. Requested information for self-insured may include payroll information, quarterly Unemployment Insurance Tax reports, cafeteria plan and overtime information, unworked severance pay report, and detailed information for payments to contractor/subcontractors (Tax ID Number, business name, type of services provided, and the total amount paid).
2. Compare the Premium Tax reports received against the Idaho Department of Labor (IDOL) reports. Additionally, IDOL reports will be compared against unemployment reports received from the entity.
3. Compare the contractor/subcontractor information against the Industrial Commission Employer Compliance's database for the purpose of determining workers' compensation coverage per IDAPA 17.01.01.302.02.f. If a policy is found in the database, the Commission will consider the contractor/subcontractor covered for the purpose of the audit.
4. Calculate the premium for contractor/subcontractor payments without a policy in our database. The calculation will be determined by assigning a NCCI risk rate to each job class, to determine the premium for which a premium tax will be assessed.
5. Request additional information for differences between wages reported to IDOL and the Industrial Commission and/or additional contractor/subcontractor information needed to determine the premium tax.
6. Compile a preliminary audit report for review and comment by the audit entity.
7. Finalize the audit report and reflect any necessary adjustments agreed to.
8. Finalize the payment invoice to reflect additional premium taxes due or process a refund for over payment.


Thomas P. Baskin,
Chairman


Aaron White,
Commissioner


Thomas E. Limbaugh,
Commissioner