

Oct. 4, 1976, see section 1904(d) of Pub. L. 94-455, set out as an Effective Date of 1976 Amendment note under section 4041 of this title.

**Subchapter A—Policies Issued By Foreign Insurers**

Sec.	
4371.	Imposition of tax.
4372.	Definitions.
4373.	Exemptions.
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AMENDMENTS

2010—Pub. L. 111-148, title VI, §6301(e)(2)(B)(i), Mar. 23, 2010, 124 Stat. 746, added subchapter heading.

**§ 4371. Imposition of tax**

There is hereby imposed, on each policy of insurance, indemnity bond, annuity contract, or policy of reinsurance issued by any foreign insurer or reinsurer, a tax at the following rates:

**(1) Casualty insurance and indemnity bonds**

4 cents on each dollar, or fractional part thereof, of the premium paid on the policy of casualty insurance or the indemnity bond, if issued to or for, or in the name of, an insured as defined in section 4372(d);

**(2) Life insurance, sickness, and accident policies, and annuity contracts**

1 cent on each dollar, or fractional part thereof, of the premium paid on the policy of life, sickness, or accident insurance, or annuity contract; and

**(3) Reinsurance**

1 cent on each dollar, or fractional part thereof, of the premium paid on the policy of reinsurance covering any of the contracts taxable under paragraph (1) or (2).

(Aug. 16, 1954, ch. 736, 68A Stat. 521; Mar. 13, 1956, ch. 83, §5(9), 70 Stat. 49; Pub. L. 85-859, title I, §141(a), Sept. 2, 1958, 72 Stat. 1300; Pub. L. 86-69, §3(f)(3), June 25, 1959, 73 Stat. 140; Pub. L. 89-44, title VIII, §804(b), June 21, 1965, 79 Stat. 160; Pub. L. 94-455, title XIX, §1904(a)(12), Oct. 4, 1976, 90 Stat. 1812; Pub. L. 98-369, div. A, title II, §211(b)(23), July 18, 1984, 98 Stat. 757; Pub. L. 100-203, title X, §10242(c)(3), Dec. 22, 1987, 101 Stat. 1330-423; Pub. L. 101-239, title VII, §7811(i)(11), Dec. 19, 1989, 103 Stat. 2411.)

CONSTITUTIONALITY

For information regarding constitutionality of section 4371 of act Aug. 16, 1954, see Congressional Research Service, *The Constitution of the United States of America: Analysis and Interpretation*, Appendix 1, *Acts of Congress Held Unconstitutional in Whole or in Part by the Supreme Court of the United States*.

AMENDMENTS

1989—Par. (2). Pub. L. 101-239 struck out “, unless the insurer is subject to tax under section 842(b)” after “or annuity contract”.

1987—Par. (2). Pub. L. 100-203 substituted “section 842(b)” for “section 813”.

1984—Par. (2). Pub. L. 98-369 substituted “section 813” for “section 819”.

1976—Pub. L. 94-455 substituted in par. (1) “4 cents” for “four cents” and “premium paid” for “premium charged”, in pars. (2) and (3) “1 cent” for “one cent” and “premium paid” for “premium charged”, and struck out provision following par. (3) relating to com-

putation of tax on premium paid in lieu of premium charged.

1965—Pub. L. 89-44 inserted last sentence relating to computation of tax on premium paid in lieu of premium charged.

1959—Par. (2). Pub. L. 86-69 substituted “section 819” for “section 816”.

1958—Pub. L. 85-859 substituted “is hereby imposed, on each policy of insurance, indemnity bond, annuity contract, or policy of reinsurance issued by any foreign insurer or reinsurer, a tax” for “shall be imposed a tax on each policy of insurance, indemnity bond, annuity contract, or policy of reinsurance issued by any foreign insurer or reinsurer”.

1956—Par. (2). Act Mar. 13, 1956, substituted “section 816” for “section 807”.

EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by Pub. L. 101-239 effective, except as otherwise provided, as if included in the provision of the Technical and Miscellaneous Revenue Act of 1988, Pub. L. 100-647, to which such amendment relates, see section 7817 of Pub. L. 101-239, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-203 applicable to taxable years beginning after Dec. 31, 1987, see section 10242(d) of Pub. L. 100-203, set out as a note under section 816 of this title.

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-369 applicable to taxable years beginning after Dec. 31, 1983, see section 215 of Pub. L. 98-369, set out as an Effective Date note under section 801 of this title.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-455 effective on first day of first month which begins more than 90 days after Oct. 4, 1976, see section 1904(d) of Pub. L. 94-455, set out as a note under section 4041 of this title.

EFFECTIVE DATE OF 1965 AMENDMENT

Amendment by Pub. L. 89-44 applicable with respect to policies, bonds, and contracts with respect to which the tax imposed by this section is required to be paid on the basis of a return, see section 804(c) of Pub. L. 89-44, set out as a note under section 4374 of this title.

EFFECTIVE DATE OF 1959 AMENDMENT

Amendment by Pub. L. 86-69 applicable only with respect to taxable years beginning after Dec. 31, 1957, see section 4 of Pub. L. 86-69, set out as an Effective Date note under section 381 of this title.

EFFECTIVE DATE OF 1958 AMENDMENT

Amendment by Pub. L. 85-859 effective on first day of first calendar quarter which begins more than 60 days after Sept. 2, 1958, see section 1(c) of Pub. L. 85-859, Sept. 2, 1958, 72 Stat. 1275.

EFFECTIVE DATE OF 1956 AMENDMENT

Amendment by act Mar. 13, 1956, applicable only to taxable years beginning after Dec. 31, 1954, see section 6 of act Mar. 13, 1956, set out as a note under section 316 of this title.

**§ 4372. Definitions**

**(a) Foreign insurer or reinsurer**

For purposes of section 4371, the term “foreign insurer or reinsurer” means an insurer or reinsurer who is a nonresident alien individual, or a foreign partnership, or a foreign corporation. The term includes a nonresident alien individual, foreign partnership, or foreign corporation

which shall become bound by an obligation of the nature of an indemnity bond. The term does not include a foreign government, or municipal or other corporation exercising the taxing power.

**(b) Policy of casualty insurance**

For purposes of section 4371(1), the term “policy of casualty insurance” means any policy (other than life) or other instrument by whatever name called whereby a contract of insurance is made, continued, or renewed.

**(c) Indemnity bond**

For purposes of this chapter, the term “indemnity bond” means any instrument by whatever name called whereby an obligation of the nature of an indemnity, fidelity, or surety bond is made, continued, or renewed. The term includes any bond for indemnifying any person who shall have become bound or engaged as surety, and any bond for the due execution or performance of any contract, obligation, or requirement, or the duties of any office or position, and to account for money received by virtue thereof, where a premium is charged for the execution of such bond.

**(d) Insured**

For purposes of section 4371(1), the term “insured” means—

(1) a domestic corporation or partnership, or an individual resident of the United States, against, or with respect to, hazards, risks, losses, or liabilities wholly or partly within the United States, or

(2) a foreign corporation, foreign partnership, or nonresident individual, engaged in a trade or business within the United States, against, or with respect to, hazards, risks, losses, or liabilities within the United States.

**(e) Policy of life, sickness, or accident insurance, or annuity contract**

For the purpose of section 4371(2), the term “policy of life, sickness, or accident insurance, or annuity contract” means any policy or other instrument by whatever name called whereby a contract of insurance or an annuity contract is made, continued, or renewed with respect to the life or hazards to the person of a citizen or resident of the United States.

**(f) Policy of reinsurance**

For the purpose of section 4371(3), the term “policy of reinsurance” means any policy or other instrument by whatever name called whereby a contract of reinsurance is made, continued, or renewed against, or with respect to, any of the hazards, risks, losses, or liabilities covered by contracts taxable under paragraph (1) or (2) of section 4371.

(Aug. 16, 1954, ch. 736, 68A Stat. 521; Pub. L. 85-859, title I, §141(a), Sept. 2, 1958, 72 Stat. 1300; Pub. L. 94-455, title XIX, §1904(a)(12), Oct. 4, 1976, 90 Stat. 1812.)

AMENDMENTS

1976—Subsec. (a). Pub. L. 94-455 substituted “section 4371” for “this subchapter”, and inserted provision that term does not include a foreign government, or municipal or other corporation exercising the taxing power.

Subsec. (c). Pub. L. 94-455 substituted “this chapter” for “this subchapter”.

1958—Subsec. (d)(2). Pub. L. 85-859 substituted “against, or with respect to, hazards, risks, losses, or liabilities” for “with respect to hazards, risks, or liabilities”.

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-455 effective on first day of first month which begins more than 90 days after Oct. 4, 1976, see section 1904(d) of Pub. L. 94-455, set out as a note under section 4041 of this title.

EFFECTIVE DATE OF 1958 AMENDMENT

Amendment by Pub. L. 85-859 effective on first day of first calendar quarter which begins more than 60 days after Sept. 2, 1958, see section 1(c) of Pub. L. 85-859, Sept. 2, 1958, 72 Stat. 1275.

**§ 4373. Exemptions**

The tax imposed by section 4371 shall not apply to—

**(1) Effectively connected items**

Any amount which is effectively connected with the conduct of a trade or business within the United States unless such amount is exempt from the application of section 882(a) pursuant to a treaty obligation of the United States.

**(2) Indemnity bond**

Any indemnity bond required to be filed by any person to secure payment of any pension, allowance, allotment, relief, or insurance by the United States, or to secure a duplicate for, or the payment of, any bond, note, certificate of indebtedness, war-saving certificate, warrant or check, issued by the United States.

(Aug. 16, 1954, ch. 736, 68A Stat. 522; Pub. L. 85-859, title I, §141(a), Sept. 2, 1958, 72 Stat. 1301; Pub. L. 94-455, title XIX, §1904(a)(12), Oct. 4, 1976, 90 Stat. 1813; Pub. L. 100-647, title I, §1012(q)(13)(A), Nov. 10, 1988, 102 Stat. 3525.)

AMENDMENTS

1988—Par. (1). Pub. L. 100-647 amended par. (1) generally, substituting provisions relating to effectively connected items for provisions relating to domestic agent.

1976—Par. (1). Pub. L. 94-455 substituted “State, or in the District of Columbia, within” for “State, Territory, or District of the United States within”.

1958—Pub. L. 85-859 reenacted section without change.

EFFECTIVE DATE OF 1988 AMENDMENT

Pub. L. 100-647, title I, §1012(q)(13)(B), Nov. 10, 1988, 102 Stat. 3525, provided that: “The amendment made by subparagraph (A) [amending this section] shall apply with respect to premiums paid after the date 30 days after the date of the enactment of this Act [Nov. 10, 1988].”

EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94-455 effective on first day of first month which begins more than 90 days after Oct. 4, 1976, see section 1904(d) of Pub. L. 94-455, set out as a note under section 4041 of this title.

**§ 4374. Liability for tax**

The tax imposed by this chapter shall be paid, on the basis of a return, by any person who makes, signs, issues, or sells any of the documents and instruments subject to the tax, or for whose use or benefit the same are made, signed, issued, or sold. The United States or any agency