# **PAYMENT, MAILING AND FILING INSTRUCTIONS**

**All Classes of Insurance Companies except Ocean Marine, Life, Title, and Home Protection, must complete this Tax Return, whether or not business was transacted during the reporting year. Complete all items, including the method of tax payment.**

1. **DUE ON APRIL 1, 2021:** File one (1) original of this return with the California Department of Insurance postmarked on or before **April 1, 2021**. Express delivery date by company will be accepted as the postmark date.
2. Groups: Prepare a separate tax return and check for each member company.
3. Payments:
* If paying by check, make the check payable to **“California State Controller’s Office”**.
* Those required to pay or have voluntarily elected to pay by Electronic Funds Transfer (EFT) must use the EFT method of payment.
* Pursuant to the California Insurance Code Section 12976.5, and the California Tax on Insurers, Revenue and Taxation Code 12602, commencing January 1, 1995, **entities subject to insurance tax whose Annual Tax is more than $20,000, are required to participate in the Electronic Funds Transfer (EFT) Program.** To register as an EFT taxpayer, contact the California Department of Insurance Tax Accounting/EFT Unit at (916) 492-3288 or e-mail at EFT@insurance.ca.gov
* **Every insurer whose annual tax liability for the preceding calendar year was twenty thousand dollars ($20,000) or more is required to make quarterly prepayments and submit quarterly tax payment vouchers to the current calendar year.**
1. Mail to (a) or (b):
2. **If the 2020 Tax Due, 2021 First Quarter Prepayment, and/or the 2020 Retaliatory Tax Due are PAID BY CHECK,** then mail the Premium Tax Return, the tax payment voucher, and the CHECK to:

California Department of Insurance

Tax Accounting Unit

P.O. Box 1918

Sacramento, CA 95812-1918

1. **If the 2020 Tax Due, 2021 First Quarter Prepayment, and/or the 2020 Retaliatory Tax Due are PAID BY EFT, or if there is ZERO (-0-) balance due, or If there is a TAX REFUND DUE,** then mail the Premium Tax Return and the tax payment voucher by First Class or Express Delivery to:

California Department of Insurance

Tax Accounting Unit

300 Capitol Mall, Suite 14000

Sacramento, CA 95814

**The tax return and payment must be postmarked/settled on or before April 1 following the end of the calendar year.** The due dates for filing the tax return is April 1st and the due dates for making quarterly prepayments are April 1st, June 1st, September 1st, and December 1st of each year. When the due date falls on a Saturday, Sunday or State or Federal legal holiday, the tax return or prepayment voucher and payment are considered timely if postmarked/settled on the next business day.

**The tax payment vouchers are available on** the [California Department of Insurance web-site](http://www.insurance.ca.gov/). Select “Insurers”, then “Tax Forms and Instructions/Electronic Funds Transfer (EFT) Payments”, then “**2020** Tax Forms, Instructions, and Information” to access the tax return, instructions, and vouchers.

**For questions concerning the completion of the premium tax return,** please contact the California Department of Insurance, Premium Tax Audit Unit by e-mail at premiumtaxaudit@insurance.ca.gov

**For questions regarding the Electronic Funds Transfer (EFT) Program,** contact the California Department of Insurance, Tax Accounting/EFT Unit at (916) 492-3288, e-mail at EFT@insurance.ca.gov or write to:

California Department of Insurance

Tax Accounting Unit

300 Capitol Mall, Suite 14000

Sacramento, CA 95814

# **IMPORTANT INSTRUCTIONS**

**The following are line by line instructions for the All Classes of Insurance Except Ocean Marine, Life, Title, and Home Protection Tax Return for the calendar year 2020. Please only use one entry per line and do not write in the column labeled, “CDI Use Only”.**

**Complete the following information:** Name of Insurer, Mailing Address, City, State, Zip Code, Telephone Number, Fax Number, and State of Domicile. Also provide the Federal Tax Identification Number, California Permanent Number (CA Perm No), National Association of Insurance Commissioners Number (NAIC No.), EFT Taxpayer Identification Number (TIN), and select the appropriate Method of Tax Payment.

**Check the appropriate box for the following information:** Cash Basis method of calculating taxable premium OR Accrual Basis of calculating taxable premium; Final Return (if no further business transacted due to withdrawal of the Certificate of Authority or a non-survivor of a merger during **2020**); and/or Amended Return. If final return, indicate the effective date of the final transaction or if amended, indicate the date when it was amended.

RECORD ALL AMOUNTS IN WHOLE DOLLARS

**PAGE 1**

| **LINE** | **INSTRUCTIONS** |
| --- | --- |
| Line 1: | **Direct Net Taxable Premiums** - Record the amount from Page 3 of the Premium Tax Return, Schedule A, Line 4. Reciprocal/Interinsurance Exchanges: See Definitions at end of instructions. |
| Line 2: | **Tax Rate** - the tax rate of 2.35 %. |
| Line 3: | **2020 Annual Tax** - Multiply Line 1 by the tax rate on Line 2 to determine the **2020** Annual Tax, Line 3 (If the result of Line 3 is a negative amount, record zero (-0-) tax due). If the Annual Tax is more than $20,000, then the insurer is required to participate in the EFT Program. For questions regarding EFT, contact the Tax Accounting/EFT Unit at (916) 492-3288 or e-mail at EFT@insurance.ca.gov. |
| Line 4: | **Low Income Housing Credit** - Record any Low Income Housing Credit for the reporting year pursuant to Revenue and Taxation Code Section 12206. If there is a credit for the reporting year, provide a copy of Form 3521-A (Certificate of Final Award of California) and Final Schedule K-1 (565) (Partner’s Share of Income, Deductions, Credits, etc.). Failure to provide a copy of Form 3521-A and Schedule K-1 (565) will result in the disallowance of credit. Include the Company’s name and California Permanent Number on the certificates. |
| Line 5a: | **CA CDFI Credit (COIN)** - Record any tax credits claimed for the reporting year that were certified by the California Organized Investment Network (COIN) for investments in California Community Development Financial Institutions (CDFIs). Attach a copy of the certification from the California Organized Investment Network (COIN) showing the amount of the credit pursuant to Revenue and Taxation Code Section 12209. Failure to provide a copy of the certificate of credit will result in the credit being disallowed.  |
| Line 5b: | **College Access Tax Credit (CATC)** - Record any credits claimed for the reporting year that was certified by the California Educational Facilities Authority (CEFA). Attach a copy of the CATC Certification from CEFA showing the amount of the credit pursuant to Revenue and Taxation Code Section 12207. Failure to provide a copy of the certificate of credit will result in the credit being disallowed. (For Taxable Years 2017-2022.) |
| Line 6: | **Pilot Project Insurance Tax Credit** - Record the Pilot Project Insurance TaxCredit pursuant to Revenue and Taxation Code Section 12208. |
| Line 7: | **Prepayments made during the reporting year of 2020** (Revenue and Taxation Code Sections 12251-12260 as amended) - Only include those prepayments made or applied to the first quarter during the reporting year. Exclude all payments of interest and penalties. |
| Line 7a: | **Overpayment applied from prior year** - If there was an overpayment applied to the **2020** First Quarter Prepayment, as reported on Line 11a of the **2019** tax return, then record the amount applied on Line 7a (for example, if the **2020** First Quarter Prepayment due was $2,500 and the amount of **2019** Overpayment applied was $500, then record $500 on Line 7a). Include prior year overpayment amount of $10 or less applied as Credit towards future tax liabilities.**-OR-** If there was no overpayment applied to the **2020** First Quarter Prepayment and no prior year overpayment amount of $10 or less, then record zero (-0-) on Line 7a. |
| Line 7b: | **First Quarter (Balance Paid)** - If there was an overpayment applied to the **2020** First Quarter Prepayment, then record the net balance paid on Line 7b (for example, if the **2020** First Quarter Prepayment due was $2,500 and the amount of **2019** Overpayment applied was $500, then record $2,000 on Line 7b). **-OR-** If there was no overpayment applied to the **2020** First Quarter Prepayment, then record the amount paid for the **2020** First Quarter Prepayment Line on 7b. |
| Line 7c - 7e: | **Second, Third, and Fourth Quarters** - Record the amount paid for each quarter. |
| Line 7f: | **Total Prepayments** -Record the sum of Lines 7a through 7e. |
| Line 8: | **Total Credits and Prepayments** - Record the sum of Lines 4, 5a, 5b, 6, and 7f. |
| Line 9:  | **2020 Tax Due** -If Line 3 is MORE than Line 8, then subtract Line 8 from Line 3. The result will be the balance of the **2020** Annual Tax Due. Pay this amount on or before **April 1, 2021**. If Line 3 is LESS than Line 8, then record zero (-0-) on this line and proceed to Line 10. |
| Line 10: | **2020 Tax Overpayment** - If Line 8 is MORE than Line 3, then subtract Line 3 from Line 8, and record the result of the overpayment on this line. If Line 8 is LESS than Line 3, record zero (-0-) on this line and proceed to Line 11.Note: The tax overpayment (line 10) may be applied to the **2021** first quarter prepayment and the **2020** retaliatory tax. A Refund SHALL NOT be applied to the **2021** second quarter prepayment or any future tax payment unless prior approval has been granted by the California Department of Insurance, Premium Tax Audit Unit. |
| Line 11: | **2021 First Quarter Prepayment** - Record the **2021** First Quarter Prepayment on this line. If the Annual Tax, Line 3, is $20,000 or more, the insurer is required to make prepayments equal to 25 percent of Line 3. If the amount on Line 3 is less than $20,000, then record zero (-0-) on this line. (Revenue and Taxation Code Sections 12251-12260) |
| Line 11a: | **2020 Tax Overpayment applied to the First Quarter Prepayment** - Record the amount of the **2020** Tax Overpayment, Line 10, applied to **2021** First Quarter Prepayment. Note: The application of the overpayment is not required. The insurer may pay the **2021** First Quarter Prepayment in full and receive a refund of the total amount reported on the tax overpayment, Line 10.**-OR-** If there is no tax overpayment or the insurer wishes to pay the **2021** First Quarter Prepayment in full, then record zero (-0-) on this line. |
| Line 11b: | **2021 First Quarter Prepayment Balance Due** - If Line 11a is equal to or less than Line 11, then subtract Line 11a from Line 11. The result will be the **2021** First Quarter Prepayment Balance Due. Pay this amount on or before **April 1, 2021**. |
| Line 12: | **2020 Retaliatory Tax** - Record the result of Page 5 of the Premium Tax Return, Schedule C, Part II, Line 6 for insurance companies.**-OR-** Record the result of Page 6 of the Premium Tax Return, Schedule RRG, Line 5 for risk retention groups. |
| Line 12a: | **2020 Tax Overpayment applied to the Retaliatory Tax** - This line is an optional field. If there is any remaining balance for the **2020** Tax Overpayment, after it was applied to the **2021** First Quarter Prepayment, then apply the remaining balance to the **2020** Retaliatory Tax. Note: The application of the overpayment is not required. The insurer may pay the retaliatory tax in full and receive a refund of the total amount reported on the tax overpayment, Line 10, less any amount applied to the **2021**First Quarter Prepayment, Line 11a.**-OR-** If there is no tax overpayment or the insurer wishes to pay the retaliatory tax in full, then record zero (-0-) on this line. |
| Line 12b: | **2020 Retaliatory Tax Balance Due** - If Line 12a is equal to or less than Line 12, then subtract Line 12a from Line 12. The result will be the **2020** Retaliatory Tax balance due. Pay this amount on or before **April 1, 2021**. |
| Line 13, 13a, and 13b: | **Tax Refund / Credit** – The Tax Refund is equal to the **2020** Tax Overpayment, Line 10, less the amounts applied to Lines 11a and 12a. If there is no tax overpayment, then record zero (-0-) on this line. NOTE: The annual tax overpayment **shall not** be applied toward the 2nd quarter prepayment or any future tax due unless prior approval has been granted by the California Department of Insurance, Premium Tax Audit Unit.Effective March 1, 2020, overpayment amount of $10 or less will be automatically applied as Credit towards future tax liabilities.* Tax Refund - If amount is greater than $10, enter amount on Line 13a.
* Tax Credit - If amount is $10 or less, enter the amount on Line 13b.
 |
| **Declaration of Insurer:** | **California Revenue and Taxation Code Section 12303 states:** “Every return required by this article to be filed with the commissioner shall be signed by the insurer or an executive officer of the insurer and shall be made under oath or contain a written declaration that it is made under the penalties of perjury. A return of a foreign insurer may be signed and verified by its manager residing within this State. A return of an alien insurer may be signed and verified by the United States manager of such insurer.” Original wet signature is required for this tax return.Provide the name and address of the contact person for this tax return if the contact person is other than the signatory.  |

**\*All insurers and Risk Retention Groups are to attach a copy of the 2020 Annual Statement Schedule T and California State Page to the tax return.**

**SCHEDULE A**

| **LINE** | **INSTRUCTIONS** |
| --- | --- |
| Line 1: | Record the amountof **Direct Premiums Written** found on Line 5, Column 2 of Schedule T. |
| Line 2.1: | Record the amount from Line 5, Column 8 of Schedule T. |
| Line 2.2: | Record any administrative, service or policy fees that were assessed directly to the policyholder during the reporting year, other than the amount reported on Line 2.1. |
| Line 2.3: | Record the Installment Fees: Include amounts paid as reimbursement for additional expense incurred in selling insurance on an installment basis such as additional bookkeeping expense and collection expense. |
| Line 2.4: | Record the California Fair Plan premiums IF NOTincluded in Line 1. |
| Line 2.5: | Record the amount from Schedule B, Line 4, if bail-undertaking premiums were executed. This is for surety insurers who transact bail bonds. |
| Line 2.6: | Record the Premiums from all foreign states and alien countries where company is not licensed. This is for California domiciled Companies ONLY. |
| Line 2.7: | Record any retrospective premiums written during the reporting year. |
| Line 2.8: | Record the amount of “premiums receivable” reported as a deduction during the prior year if previously filed using the “cash basis” method of calculating premium tax based upon premiums that are received and collected by the insurer during a given tax year. If this is the first time the insurer is filing on a cash basis, then record zero (-0-) on this line. |
| Line 2.9: | Total of Lines 1 to 2.8. |
| Line 3.1: | Record the total amount from Line 35, Column 3 of the State Page. |
| Line 3.2:  | Record ocean marine premiums net of pleasure boat premiums. |
| Line 3.3: | Record the amount of “Return Premiums” in accordance with the Revenue and Taxation Code Section 12221 and the California State Constitution, Article XIII, Section 28(c), IF NOT previously deducted from Sch. T, Line 5, Column 2. |
| Line 3.4: | Record the Federal Employees Health Benefits Program premiums, under Section 8909(f)(1) of Title 5 of the United States Code. |
| Line 3.5: | Record the amount of Multiple Peril Crop from Line 2.2, Column 1 of the State Page. |
| Line 3.6: | Record Medicare Title XVIII premiums that are exempted from state taxes or other fees by Section 1854(g) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. This includes but is not limited to premiums written under a Medicare Advantage product, a Medicare PPO product, or a stand-alone Medicare Part D product. |
| Line 3.7: | Record the amount of “premiums receivable” due at the end of the tax year. Calculating premium tax based upon premiums that are received and collected by the insurer during a given tax year less any premiums returned during the same tax year is called “cash basis”. An insurer that files on a cash basis shall calculate its taxes on “Collected Direct Premiums” in accordance with Revenue and Taxation Code (RTC) Section 12221, or as an alternative method, an insurer may calculate its taxes on Direct Premiums subject to the requirements of RTC Section 12221, using a ratio of the insurer’s Direct Premiums written, as reported on the insurer’s NAIC Annual Statement Schedule T, and apply it to either the insurer’s Collected Direct Premiums or the insurer’s Uncollected Direct Premiums. |
| Line 3.8: | Total of Lines 3.1 to 3.6 |
| Line 4:  | Deduct Line 3.7 from Line 2.8. Record the result on **Net Taxable Premiums, Page 1, Line 1.** |
| Pilot Project -Line 5: | Pilot Project: Record calculation of Pilot Project insurance tax credit pursuant to Revenue and Taxation Code Section 12208. Maintain records for an audit by the Commissioner on the tax credit taken. |
| Ocean Marine Insurers – Line 6, 6a, 6b: | Ocean Marine Insurers: Did you assume or cede California premiums during the reporting year? If so, provide the amount assumed on 6a, and ceded on Line 6b. Lines 6a and 6b are information for the ocean marine tax return. These amounts should reconcile with amounts reported on the ocean marine tax return. |

**SCHEDULE B – TO BE COMPLETED ONLY BY SURETY INSURERS WHO TRANSACT BAIL BOND PREMIUMS.**

All other insurers go to the following page.

| **LINE** | **INSTRUCTIONS** |
| --- | --- |
| Line 1:  | The total FACE AMOUNT (also known as “Penal Amount”) of bail undertakings in California. This is the amount that the judge sets as bail. |
| Line 2:  | This is to calculate the total taxable bail bond premiums received by the company during the reporting year. |
| Line 2.1:  | Total premiums on bail bond premiums received by the company during the reporting year. For example, the rate is 10%, then on a $50,000-bail bond the premium is $5,000. Please provide a copy of the rates charged if more than one rate is used. |
| Line 2.2:  | All fees and charges paid by or on behalf of the defendant that is NOT included on Line 2.1. For example, there is a bond fee or charge of $15 per bond. This fee is considered to be taxable premium. |
| Line 2.3:  | Any reimbursable out-of-pocket expenses that were paid by the agent. Please study Bulletin 137 for details, and provide a list of any reimbursable out-of-pocket expenses. |
| Line 2.4: | Total Taxable Bail Bond Premiums. This is the sum of Line 2.1 and Line 2.2 less Line 2.3. |
| Line 3:  | To determine taxable Bail Bond Premium and any charges/fees that are **not included** on the Annual Statement California State Page for the reporting year. |
| Line 3.1:  | Record the amount as shown on Line 24, Column 1 of the Annual Statement California State Page for the reporting year. |
| Line 3.2:  | Record “other surety” premiums that are included on Line 24, Column 1 of the Annual Statement California State Page for the reporting year. |
| Line 3.3:  | This is to determine the amount of Bail Bond premiums that are being reported on Line 24, Column 1 of the Annual Statement California State Page for the reporting year. Deduct Line 3.2 from Line 3.1 and record the result on this line. |
| Line 4: | Net taxable Bail Bond Premiums and any charges/fees that are not included on Line 24, Column 1 of the Annual Statement California State Page for the reporting year. Deduct Line 3.3 from Line 2.4 and record the result on this line. Record the result on Line 2.5 of Schedule A of the tax return. |
| Insurers writing surety: | Insurers writing surety: If bail undertakings were executed, this schedule is to be completed. Please see Bulletin Number 137. |

**SCHEDULE C – RETALIATORY TAX RETURN (RRG'S GO TO THE NEXT PAGE)**

This schedule is to be completed by all foreign and alien insurers.

There is a separate RRG retaliatory tax schedule for all foreign and alien Risk Retention Groups.

**Part I: State of Domicile Imposition**

| **LINE** | **INSTRUCTIONS** |
| --- | --- |
| Line 1.1:  | Record the amount of gross taxable premiums from Page 3, line 2.9 |
| Line 1.2:  | Record allowable deductions (Pursuant to the NAIC Retaliatory Tax Guidelines) of the State of Domicile for each column. Be specific as to the entry on this line. If necessary, provide documentation on a separate page. Write the company name on any attachments.  |
| Line 1.3:  | Deduct Line 1.2 from Line 1.1. |
| Line 1.4:  | Record tax rate of the State of Domicile. |
| Line 1.5:  | Record the result of multiplying Line 1.3 by Line 1.4. |
| Line 1.6, 1.7: | Record the Fire Department and/or Fire Marshal Tax if required by State of Domicile. Attach the worksheet for the calculation. |
| Line 1.8:  | Record the Annual Statement Fee as paid in the State of Domicile. |
| Line 1.9:  | Record the Certificate of Authority Fee as paid in the State of Domicile. |
| Line 1.10:  | Record the Certification Fee as paid in the State of Domicile. |
| Line 1.11:  | Record the Agent License Fee paid by company on behalf of agents. Record the number of agents and amount of fee for each agent. Example: 5 Agents X $10 = $50. |
| Line 1.12: | Record the amount of Ocean Marine tax as paid in the State of Domicile. |
| Line 1.13: | Record the Franchise Tax/Municipal Tax as paid in the State of Domicile. |
| Line 1.14: | Record the Fraud Bureau Assessment as paid in the State of Domicile. |
| Line 2:  | Total of Lines 1.5 through Line 1.14. |

**Part II: California Tax on Foreign/Alien Insurer**

| **LINE** | **INSTRUCTIONS** |
| --- | --- |
| Line 1: | Record the Premium Tax amount from Page 1, Line 3. |
| Line 2: | Record the Annual Statement Fee in the amount of **$462** if paid. |
| Line 3: | Record the Certificate of Authority Fee in the amount of **$466** if paid. |
| Line 4.1: | Record the Agent License Fee paid by company on behalf of agents. Record the number of agents and amount of fee for each agent. Example: 5 Agents X $10 = $50. |
| Line 4.2:  | OCEAN MARINE Insurers file an amended Retaliatory Tax with the Ocean Marine Return pursuant to the Revenue and Taxation Code Section 12281.  |
| Line 5: | Total of Lines 1 through 4.2. |
| Line 6: | If the amount on Part II, Line 5 is greater than the amount on Part I, Line 2, record zero on Line 6. Enter zero on the 2020 Retaliatory Tax, Page 1, Line 12.**-OR-** If the amount on Part I, Line 2 is greater than the amount on Part II, Line 5, record the difference between the amounts on Line 6. Enter the result on the **2020** Retaliatory Tax, Page 1, Line 12. |

**SCHEDULE RRG - RETALIATORY TAX RETURN**

This schedule is to be completed by all foreign and alien Risk Retention Groups.

**Part I: State of Domicile Imposition**

| **LINE** | **INSTRUCTIONS** |
| --- | --- |
| Line 1.1:  | Record the amount of gross taxable premiums from Page 3, line 2.8. |
| Line 1.2:  | Record allowable deductions in the State of Domicile. |
| Line 1.3:  | Deduct Line 1.2 from Line 1.1. |
| Line 1.4:  | Record tax rate of the State of Domicile. |
| Line 1.5:  | Record the result of multiplying Line 1.3 by Line 1.4. |
| Line 1.6, 1.7: | Record the Fire Department and/or Fire Marshal Tax that was paid in the State of Domicile. Attach worksheet for the calculation. |
| Line 1.8: | Record the Registration Fee that was paid in the State of Domicile. |
| Line 1.9: | Record Agent License Fee paid by company on behalf of agents. Record the number of agents and amount of fee for each agent. Example: 5 Agents X $10 = $50. |
| Line 2:  | Total of Lines 1.5 through Line 1.9. |

**Part II: California Tax on Foreign/Alien Insurer**

| **LINE** | **INSTRUCTIONS** |
| --- | --- |
| Line 1: | Record the Premium Tax amount from Page 1, Line 3. |
| Line 2: | Registration Fee in the amount of **$300** if paid. |
| Line 3: | Record the Agent License Fee paid by company on behalf of agents. Record the number of agents and amount of fee for each agent. Example: 5 Agents X $10 = $50. |
| Line 4: | Total of Lines 1 through 3. |
| Line 5: | If the amount on Part II, Line 4 is greater than the amount on Part I, Line 2 record zero on Line 5. Enter zero on the **2020** Retaliatory Tax, Page 1, Line 12.**-OR-** If the amount on Part I, Line 2 is greater than the amount on Part II, Line 4, record the difference between the amounts on Line 5. Enter the result on the **2020** Retaliatory Tax, Page 1, Line 12. |

**Note #1: Both insurers and risk retention groups are to file a copy of the State of Domicile’s 2020 premium tax return with this retaliatory tax return.**

**Note #2: Pursuant to Revenue and Taxation Code Section 12281, all insurers licensed for class 3 (marine) who transact ocean marine insurance are to file an amended retaliatory tax return to report any ocean marine tax paid. The amended retaliatory tax return is to be filed with the ocean marine tax return.**

# **OTHER INSTRUCTIONS:**

**Gross Premiums:** Gross premiums consist of all items of cost of the insurance to the insured, except for premiums received for reinsurance, including but not limited to installment charges; finance charges; administration and/or service fees in connection with a self-administered plan or Mini-Met type plan.

**California Fair Plan Participation:** Share of premium should be recorded as direct writings and included in the tax base.

**Agent’s Balance:** Must be reported on a written basis as part of gross premiums received irrespective of whether or not the insurer has collected from the agent or the policyholder.

**Non-admitted States:** Business by a domestic insurer on policyholders in states where the insurer is not licensed to write insurance is to be reported as California premium business unless no part of the transaction occurs in California.

**Group Policy Contracts:** See NAIC Rule of 500. Per 2019 Annual Statement Instructions:

**For individual and group health insurance** shall be defined as a premium allocation method for group policies that 1) permits a reporting entity to allocate premiums and other considerations from a non-employer group policy covering fewer than 500 members to the jurisdiction in which the majority of covered members reside or to the situs of the contract; 2) permits a reporting entity to allocate premiums and other considerations from an employer group policy covering fewer than 500 members to the jurisdiction in which the majority of covered members reside or are employed or to the situs of the contract; 3) requires a reporting entity to allocate premiums and other considerations from a non-employer group policy covering 500 or more members to the jurisdiction where each member resides; and 4) requires a reporting entity to allocate premiums and other considerations from an employer group policy covering 500 or more members to the jurisdiction where each member resides or is employed.

**Deductions NOT allowable:** Retrospective or experience rating refunds or dividends which are not paid directly to the premium payer; excess interest earnings returned to the policyholder and uncollectable agents balances are not allowable deductions.

**California Insurance Guarantee Association (CIGA):** Amounts recouped shall not be considered premiums for any other purposes, including the computation of gross premium tax or agents commission.

**Reciprocal/Interinsurance Exchange:** California Insurance Code Section 1530 states, in part, *“. . . the term gross premiums, as applied to reciprocal or Interinsurance exchanges, includes all sums paid by subscribers in this state by reason of the insurance exchange, whether termed premium deposit, membership fee, or otherwise, after deducting therefrom premium deposit returns or cancellations, and all amounts returned to subscribers or credited to their accounts as savings, but does not include such sums received for reinsurance and for ocean marine insurance.”*

# **EXTENSION OF TIME**

* **Prepayments - Revenue and Taxation Code Section 12255:** The commissioner, for good cause shown, may extend for not to exceed 10 days the time for making a prepayment. The extension may be granted at any time, provided that a request therefore is filed with the commissioner within or prior to the period for which the extension may be granted. Interest at the rate prescribed by Section 12631 shall be paid for the period of time for which the extension is granted.
* **Annual Tax - Revenue and Taxation Code Section 12306:** The commissioner, for good cause shown, may extend for not to exceed 30 days the time for filing a tax return or paying any amount required to be paid with the return. The extension may be granted at any time, provided that a request therefore is filed with the commissioner within or prior to the period for which the extension may be granted.
* **Interest on Extension - Revenue and Taxation Code Section 12307:** Any insurer to whom an extension is granted shall pay, in addition to the tax, interest at the modified adjusted rate per month, or fraction thereof, established pursuant to Section 6591.5 from April 1st until the date of payment.
* **To request for extension of time:** Submit your written request to the California Department of Insurance, Premium Tax Audit Unit for review **prior to the payment due date** at premiumtaxaudit@insurance.ca.gov or by mailing to: California Department of Insurance, Premium Tax Audit Unit, 300 South Spring Street, 9th Floor, Los Angeles, CA 90013. Your request is not considered granted until you have received a notice from the Department stating so. Late payment shall be subject to penalty and interest assessments.

# **AMENDED TAX RETURNS – TAX REFUND**

1. **A claim for refund shall be in writing and shall state the specific grounds upon which it is founded. See Revenue and Taxation Code Section 12978 and 12979. Check the box on the top section of page one of the return and indicate the date when it was amended.**
2. **Send the claim for refund and amended tax return to:**

California Department of Tax and Fee Administration

Appeals and Data Analysis Branch – MIC 33

P.O. Box 942879

Sacramento, CA  94279-0033

Attention: Appeals and Data Analysis Branch

[Or to submit online, go to <https://onlineservices.cdtfa.ca.gov/_/> and login with username and password if you have an account with the CDTFA, otherwise select "Claim a Refund or Request Relief for Insurance" under Limited Access Functions. For questions or assistance, call: 1-800-400-7115.]

1. **Send a copy to:**

California Department of Insurance

Premium Tax Audit Unit

300 South Spring Street, 9th Floor

Los Angeles, CA 90013-1230

Attention: Amended Tax Return

[Or submit by email to premiumtaxaudit@insurance.ca.gov]

* Do not deduct or credit the requested refund when filing any future tax returns or prepayments due. The amount claimed is not a refund until certified as correct and a Notice of Refund is issued to you.
* The prepayment amount will remain unchanged from the original amount, which is based on the original tax return as filed and processed by the Department of Insurance.

# **AMENDED TAX RETURNS – ADDITIONAL TAX DUE**

1. **If you amend a tax return to report additional tax due, send the amended tax return showing clearly where the changes were made. Check the box on the top section of page one of the return and indicate the date when it was amended.**
2. **Send the amended tax return to:**

California Department of Insurance

Premium Tax Audit Unit

300 South Spring Street, 9th Floor

Los Angeles, CA 90013-1230

Attention: Amended Tax Return

[Or submit by email to premiumtaxaudit@insurance.ca.gov]

1. **Send the CHECK payable to “California State Controller's Office” AND a copy of the amended tax return (CDI FS Form Only) to:**

State Controller’s Office

Departmental Accounting Office – Insurance Tax program

300 Capitol Mall, Suite 1500

Sacramento, CA 95814

* The prepayment amount will remain unchanged from the original amount, which is based on the original tax return as filed and processed by the Department of Insurance.
* Any **additional** tax, penalty and interest payments are to be made by CHECK PAYMENT ONLY. Please note that EFT should only be used for the **original** annual tax and prepayments.
* All payments made toward additional tax due will be applied pursuant to California Revenue and Taxation Code Section 12636.5: “Every payment on a delinquent tax shall be applied as follows: (a) First, to any interest due on the tax. (b) Second, to any penalty imposed by this part. (c) The balance, if any, to the tax itself.”