# **Payment, Mailing and Filing Instructions**

**All Life Companies including Accident and Health Insurance and Non-CA domiciled Fraternal Benefit Societies must complete this tax return, whether or not business was transacted during the reporting year. Complete all items, including the method of tax payment.** (Non-CA domiciled Fraternal Benefit Societies are to complete the line items relating to Retaliatory Tax.)

1. **Due on or before April 1, 2024:** File one (1) tax return with the California Department of Insurance on or before **April 1, 2024**.
2. Groups: Prepare a separate tax return and check/payment 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 California Insurance Code Section 12976.5, and Revenue and Taxation Code Section 12602, **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 via e-mail to 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. File/Mail by (a) or (b):
2. **If the 2023 Tax Due, 2024 First Quarter Prepayment, and/or the 2023 Retaliatory Tax Due are “Paid by Check”:** Mail the Premium Tax Return, the Tax Payment Voucher, and the **Check (**payable to **“California State Controller’s Office”)** to:

California Department of Insurance

Tax Accounting Unit

P.O. Box 1918

Sacramento, CA 95812-1918

1. **If the 2023 Tax Due, 2024 First Quarter Prepayment, and/or the 2023 Retaliatory Tax Due are “Paid by EFT”, or if there is Zero (-0-) balance due, or if there is a Tax Refund Due:**

Submit a scanned copy of the physically signed Premium Tax Return and Tax Payment Voucher **Via e-mail to** **PremiumTaxFiling@insurance.ca.gov** **(Preferred method):**

* Send one e-mail per insurer.
* On the Subject line, enter: Company Name, CA Perm. Number (not NAIC), Tax Return Type (PC, Life, Title, HP, SLB) and Associated Tax Year.

Or submit physically signed hardcopy via mail 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 Website](http://www.insurance.ca.gov/). Select “Insurers”, then “Tax Forms and Instructions/Electronic Funds Transfer (EFT) Payments”, then “**2023** 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 via e-mail to 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, or via e-mail to EFT@insurance.ca.gov.

# **Important Instructions**

**The following are line by line instructions for the Life Companies including Accident and Health Insurance Tax Return for the calendar year 2023. Please only use one entry per line and do not write in the column labeled, “CDI Use Only”.**

Note: All Non-CA domiciled Fraternal Benefit Societies are required to complete the Retaliatory Tax sections (Page 1); Declaration of Insurer (Page 2); and Schedule D - Retaliatory Tax Return (Page 8).

**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:** New Company (if admitted during **2023**); Name Change (if name was changed during **2023**); Final Return (if no further business transacted due to withdrawal of the Certificate of Authority or a non-survivor of a merger during **2023**); 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: | **Accident and Health Premiums** - Forward the positive or negative amount from Page 3 of the Premium Tax Return, Schedule A, Line 6, to Page 1, Line 1, Column B. |
| Line 2: | **Life Premiums** – Forward the positive or negative amount from Page 4 of the Premium Tax Return, Schedule B, Line 10, Columns A and B, to Page 1, Line 2, Columns A and B. |
| Line 3: | **Annuity Premium/Considerations** - Forward the positive or negative amount from Page 5 of the Premium Tax Return, Schedule C, Line 9, Columns A and B, to Page 1, Line 3, Columns A and B. |
| Line 4: | **Total Net Taxable Premiums** - Add the totals of Lines 2 and 3 of Column A and add the totals of Lines 1, 2, and 3 of Column B (Please indicate the total of the lines for each column, even if the result equals a negative amount). |
| Line 5: | **Tax Rate** – Column A, Qualified, has a tax rate of 0.50 % and Column B, Nonqualified, has a tax rate of 2.35 %. |
| Line 6: | **2023 Annual Tax** – Multiply Line 4 by the tax rate on Line 5 for columns A and B. Once the lines have been multiplied, take the total in Line 6, Column A and add the total in Line 6, Column B to determine the **2023** Annual Tax, Line 6, Column C **(If the result in Column C is a negative amount, record zero (“0”) in the column)**. If the **2023** 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 via e-mail to EFT@insurance.ca.gov. |
| Line 7: | **Low-Income Housing Credit** - Record any Low-Income Housing Credit for the reporting year pursuant to Revenue and Taxation Code Section 12206. The following must be attached to claim the credit: copy of **Form 3521-A (Certificate of Final Award of California)** issued by the California Tax Credit Allocation Committee; copy of the Final **Schedule K-1 (565) (Partner’s Share of Income, Deductions, Credits, etc.)** filed with the FTB; copy of **Schedule K-1 (Form 1065) (Partner's Share of Income, Deductions, Credits, etc.)** filed with the IRS; and a **spreadsheet** showing details on how the credit amount was determined and must clearly indicate the carry-forward credit amount claims over a minimum of four years based on allowable periods to claim. **Failure to provide these documents may result in the disallowance of credit and/or delay in processing.** The Company’s name and California Permanent Number should be shown on all attachments and certificates. |
| Line 8a: | **(Reserved – Leave Blank)** |
| Line 8b: | **College Access Tax Credit (CATC)** - Record any credits claimed for the reporting year that was certified by the California Educational Facilities Authority (CEFA) pursuant to Revenue and Taxation Code Section 12207. Attach a copy of the CATC Certification from CEFA showing the amount of the credit. Failure to provide a copy of the certificate of credit will result in the credit being disallowed. **(For Taxable Years 2017-2027.)** Subject to limitations pursuant to Revenue and Taxation Code Section 12209. |
| Line 9: | **Prepayments made during the reporting year of 2023** (Revenue and Taxation Code Sections 12251-12260) - Only include those prepayments made or applied to the first quarter during the reporting year. Exclude all payments of interest and penalties. |
| Line 9a: | **Overpayment applied from prior year** - If there was an overpayment applied to the **2023** First Quarter Prepayment, as reported on Line 13a of the **2022** tax return, then record the amount applied on Line 9a. (For example, if the **2023** First Quarter Prepayment due was $2,500 and the amount of **2022** Overpayment applied was $500, then record $500 on Line 9a). 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 **2023** First Quarter Prepayment and no prior year overpayment amount of $10 or less, then record zero (“0”) on Line 9a. |
| Line 9b: | First Quarter (Balance Paid) - If there was an overpayment applied to the **2023** First Quarter Prepayment, then record the net balance paid on Line 9b (for example, if the **2023** First Quarter Prepayment due was $2,500 and the amount of **2022** Overpayment applied was $500, then record $2,000 on Line 9b). **-Or-** If there was no overpayment applied to the **2023** First Quarter Prepayment, then record the amount paid for the **2023** First Quarter Prepayment Line on 9b. |
| Line 9c - 9e: | **Second, Third, and Fourth Quarters** - Record the amount paid for each quarter. |
| Line 9f:  | **Total Prepayments** - Record the sum of Lines 9a through 9e. |
| Line 10: | **Total Credits and Prepayments** - Record the sum of Lines 7, 8b, and 9f. |
| Line 11: | **2023 Tax Due** - If Line 6, Column C is More than Line 10, then subtract Line 10 from Line 6, Column C. The result will be the balance of the **2023** Annual Tax Due. Pay this amount on or before **April 1, 2024**. If Line 6, Column C is LESS than Line 10, record zero (“0”) on this line and proceed to Line 12. |
| Line 12: | **2023 Tax Overpayment** - If Line 10 is **More** than Line 6, Column C, then subtract Line 6, Column C from Line 10, and record the result of the overpayment on this line. If Line 10 is **Less** than Line 6, Column C, record zero (“0”) on this line and proceed to Line 13. Note: The tax overpayment (line 12) may be applied to the **2024** First quarter prepayment and the **2023** Retaliatory tax. A Refund **Shall Not** be applied to the **2024** 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 13: | **2024 First Quarter Prepayment** - Record the **2024** First Quarter Prepayment on this line. If the Annual Tax, Line 6, Column C, is $20,000 or more, the insurer is required to make prepayments equal to 25 percent of Line 6, Column C. If the amount on Line 6, Column C is less than $20,000, then record zero (“0”) on this line. (Revenue and Taxation Code Sections 12251-12260) |
| Line 13a: | **2023 Tax Overpayment applied to the First Quarter Prepayment** - Record the amount of the **2023** Tax Overpayment, Line 12 applied to the **2024** First Quarter Prepayment. Note: The application of the overpayment is not required. The insurer may pay the **2024** First Quarter Prepayment in full and receive a refund of the total amount reported on the tax overpayment, Line 12.**-Or-** If there is no tax overpayment or the insurer wishes to pay the **2024** First Quarter Prepayment in full, then record zero (“0”) on this line. |
| Line 13b: | **2024 First Quarter Prepayment Balance Due** - If Line 13a is equal to or less than Line 13, then subtract Line 13a from Line 13. The result will be the **2024** First Quarter Prepayment Balance Due. Pay this amount on or before **April 1, 2024**. |
| Line 14: | **2023 Retaliatory Tax** - Record the result from Tax Return, Page 8, Schedule D, Part II, Line 7. |
| Line 14a: | **2023 Tax Overpayment applied to the Retaliatory Tax** - This line is an optional field. If there is any remaining balance for the **2023** Tax Overpayment after it was applied to the **2024** First Quarter Prepayment, then apply the remaining balance to the **2023** 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 12, less any amount applied to the **2024** First Quarter Prepayment, Line 13a.**-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 14b: | **2023 Retaliatory Tax Balance Due** - If Line 14a is equal to or less than Line 14, then subtract Line 14a from Line 14. The result will be the **2023** Retaliatory Tax balance due. Pay this amount on or before **April 1, 2024**. |
| Line 15, 15a, and 15b: | **Tax Refund / Credit** - The Tax Refund is equal to the **2023** Tax Overpayment, Line 12, less the amounts applied to Lines 13a and 14a. If there is no tax overpayment, then record zero (“0”) on this line. * **If the amount is greater than $10, enter the amount on Line 15a (Tax Refund),**
* **Or, if the amount is $10 or less, enter the amount on Line 15b (Tax Credit).**

Note: The annual tax overpayment **shall not** be applied toward the Second 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. |
| **Declaration of Insurer (Tax Return, Page 2):** | **California Revenue and Taxation Code Section 12303(a) 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 penalty 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 the insurer.” **You must type or write clearly the First Name, Last Name, Title, and E-mail of the signing officer in the space provided.** Tax return must be physically signed. A scanned copy of the physically signed tax return filed by e-mail to PremiumTaxFiling@insurance.ca.gov is acceptable. |

**\*Attach a copy of the Annual Statement - Schedule T, California State Page, and all supporting documents for this tax return.**

**Instructions for Schedules A – D:**

**Schedule A - Accident and Health Premiums (Tax Return, Page 3)**

| **Line** | **Instructions** |
| --- | --- |
| Line 1: | Record the amount of **Direct Premiums Written** as reported on the Annual Statement, Schedule T, Line 5, Column 4.**Any Adjustments to This Amount Must Be Explained in Detail**. Failure to provide details may result in a deficiency assessment (Revenue and Taxation Code Sections 12421 – 12435). For Health blank filers: Record the amount of **Direct Premiums Written** as reported on the Annual Statement, Schedule T, Line 5, Column 2. Additionally, attach the State Page (Exhibit of Premiums, Enrollment and Utilization) with your tax return.For Health blank filers with **Direct Premiums Written** reported on the Annual Statement, Schedule T, Line 5, Column 8 for Property/Casualty, these are to be included on Tax Return, Schedule A, Line 1. |
| Line 2.1: | Record finance and service charges not included in premiums on Line 1. |
| Line 2.2: | Record any administrative, service or policy fees assessed directly to the policyholder during the reporting year, other than the amount reported on Line 2.1. |
| Line 2.3: | Record premiums from foreign states and alien countries where company is not licensed. This is for California domiciled companies **Only**. |
| Line 2.4: | Record the amount of claim payments made for employees under “minimum premium” (mini-met) group contracts. Any contributions for employees of affiliated companies are not deductible. |
| Line 3: | Total of Lines 1 through 2.4. |
| Line 4.1: | Record the amount from Line 26, Column 3 of the California State Page. |
| Line 4.2: | Reserved – Leave Blank (See “Other Instructions”) |
| Line 4.3: | Record the **Federal Employees Health Benefits Program** premiums under Section 8909(f)(1) of Title 5 of the United States Code. |
| Line 4.4: | 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. \*Medicare Supplement plans (Medigap) are subject to CA Premium Tax.  |
| Line 5: | Total of Lines 4.1 through 4.4. |
| Line 6: | Total of Line 3 less Total of Line 5. Record the result on **Accident and Health Premiums, Page 1, Line 1, Column B**. |
| Note: | All accident and health premiums are non-qualified and must be taxed at the rate of 2.35%. |

**Schedule B - Life Premiums (Tax Return, Page 4)**

Qualified premiums must meet the requirements of Revenue and Taxation Code Section 12202.

Refer to “Other Instructions” for Reduced rate.

For All Qualified premiums reported, Attach List of Policies to include: Policy number, Type of Plan, and Premium amount, with Total premiums to reconcile to this line item.

| **Line** | **Instructions** |
| --- | --- |
| Line 1: | Record Life premiums on this line. Enter the Qualified premiums in Column A and the nonqualified premiums in Column B. The total in Column C should be the **same amount reported on the Annual Statement, Schedule T, Line 5, Column 2** pursuant to the NAIC Annual Statement instructions.For Qualified premiums reported, Attach List of Policies to include: Policy number, Type of Plan, and Premium amount, with Total premiums to reconcile to this line item.For Health blank filers: Record the amount of **Direct Premiums Written** as reported on the Annual Statement, Schedule T, Line 5, Column 7 for Life Premiums. Additionally, attach a break of the premiums for Life, Annuity, and Other Considerations. |
| Line 2: | Record Orphan Premiums; these are premiums from foreign states and alien countries where the company is not licensed. **To be completed by California domiciled companies Only.** |
| Line 3: | Record fees, refunds, etc., not directly paid to the creditor on Credit Life policies. |
| Line 4: | Record any fees and charges paid directly by the policyholder. |
| Line 5: | Total of Lines 1 through 4. |
| Line 6: | Record any waiver premiums  |
| Line 7 | Reserved – Leave Blank (See “Other Instructions”) |
| Line 8: | Dividend Deductions |
| Line 8a: | Record the amount on Line 6.1, Column 5 of the California State Page. |
| Line 8b: | Record the amount on Line 6.2, Column 5 of the California State Page. |
| Line 9: | Record the result of adding Lines 6 through 8b. |
| Line 10: | Record the result of Line 5 less Line 9. Record the result of Columns A and B on **Life Premiums, Page 1, Line 2, Columns A and B.** |

**Schedule C - Annuity Premiums and Other Considerations (Tax Return, Page 5)**

Qualified premiums must meet the requirements of Revenue and Taxation Code Section 12202.

Refer to “Other Instructions” for Reduced rate.

For All Qualified premiums reported, Attach List of Policies to include: Policy number, Type of Plan, and Premium amount, with Total premiums to reconcile to this line item.

| **Line** | **Instructions** |
| --- | --- |
| Line 1:  | **Front-end Basis** – funds received from annuity contracts as “gross premiums received” when originally accepted by the insurer. |
| Line 1a: | Record funds accepted on a front-end basis. Amount should reconcile with Tax Return, Schedule C - Section I, Line 2a, California Column.  |
| Line 1b: | Record all other fees/charges directly paid by the policyholder. Amount should reconcile with Tax Return, Schedule C -Section I, Line 2b, California Column. |
| Line 1c: | Record funds received for the purchase of immediate annuities. Immediate annuities must be reported on a front-end basis. Amount should be included in Tax Return, Schedule C -Section I, Line 4c. |
| Line 1d: | Record Orphan Premiums. These are premiums from foreign states and alien countries where the company is not licensed. **To be completed by California domiciled companies only.** Taxable amounts include the same items as in Lines 1a, 1b, and 1c. |
| Line 2: | **Back-end Basis** – funds received from annuity contracts as “gross premiums received” when funds are applied to the purchase of annuities. |
| Line 2a: | Record total gross amounts accumulated which annuitized in reporting year. These are the total gross amounts accumulated since inception of the contracts and applied to the purchase of annuities, i.e., deposits plus gross income plus interest. This should reconcile with Section II, Line 4c, California Column of the tax return. See example below and “Life Companies Tax Return Attachment A” and “Life Companies Tax Return Attachment B” found on the [**CDI Tax Page**](http://www.insurance.ca.gov/0250-insurers/0300-insurers/0100-applications/tax-forms-instruct-and-info/index.cfm).Deposits $10,000Interest 20,000Any additional cash paid either for premium or other charges by the policyholder $ 1,000Total to be reported as gross taxable amount $31,000 |
| Line 2b: | Record the amount of funds applied to administrative fees, and/or other charges associated to the accounts that annuitized during the reporting year.  |
| Line 3: | **Record Orphan Premiums.** These are premiums from foreign states and alien countries where the company is not licensed. **To be completed by California domiciled companies only**. Taxable amounts include the same items as in Lines 1a, 1b, and 1c. |
| Line 4: | Record any taxable unallocated annuity considerations and other unallocated deposits that are not reported in the Annual Statement, Schedule T, Col. 5. (See NAIC Annual Statement Instructions for details.) |
| Line 5: | Record totals for Columns A, B, and C of Lines 1 through 4 on this line. |
| Line 6: | Record funds returned prior to annuity commencement date during the reporting year, which were taxed in prior period(s) on a Front-end basis. Surrenders of annuity contracts prior to the start of payments to the annuitant are by contract “returned premiums”. These are allowable deductions and are reported on this line. Partial surrenders are allowable deductions but under no circumstances should the amount of this deduction exceed the sum of the annuity considerations received on the contract, nor should such deduction amount include accrued interest. Amounts reported on this line should reconcile with Section I, Line 4a, California Column.  |
| Line 7:  | Record the amount from the Annual Statement, California State Page, Line 7.1, Column 5. |
| Line 8: | **Record Total Deductions:** Total of Lines 6 and 7. For Funds Returned and Surrenders reported, Attach List of Policies to include: Policy number and Premium amount, with Total premiums to reconcile to this line item. |
| Line 9: | Total of Line 5 less Line 8. Record amounts for Columns A and B on **Annuity Premiums/Considerations, Page 1, Line 3, Columns A and B.** |

**Schedule C, Section I - Must Be Completed by Annuity Insurers Filing on a “Front-End” Basis (Tax Return, Page 6)**

This schedule is used for audit and Annual Statement cross checking purposes. Therefore, amounts reported may not necessarily affect an insurer’s premium tax base.

All companies reporting Annuity Premiums on the "Front-End" basis must complete Schedule C, Section I.

| **Line** | **Instructions** |
| --- | --- |
| Line 1:  | Record Total Funds on Hand as of **12/31/2022** in both the Nationwide and California columns. Record the page number, line number of the Annual Statement, or the separate account statement to reconcile this amount.  |
| Line 2a:  | Record total funds accepted during the year, i.e., premiums, and all cash payments paid directly by the policyholder. Front-end amount reported plus the back-end amount reported in Section II, Line 2a should correspond to the total of Annual Statement, Schedule T, Columns 3, 5 and 7, as applicable. |
| Line 2b:  | Record all income, interest and dividends accumulated on annuity deposit during the year. |
| Line 2c: | Record any and all fees paid directly by the policyholder not included in the lines above. |
| Line 3:  | Record sum of Lines 1 through 2c in the Nationwide and California columns. |
| Line 4a: | Record funds returned prior to annuity commencement date; exclude interest applied, and any surrender fees. For California column, amount is carried over to Tax Return, Schedule C, Line 6. |
| Line 4b:  | Record funds returned in excess of original funds accepted, i.e., interest income accumulated on the account. |
| Line 4c: | Record funds applied to purchase annuities. Single Premium Immediate Annuities are included on this line. For California column, forward amount to Tax Return, Schedule C, Line 1a and 1c as applicable. |
| Line 4d: | Record funds applied to pay death, disability and other benefits. |
| Line 4e: | Record funds applied to administrative fees and/or any other related charges. Include amount on Tax Return, Schedule C, Line 1a. |
| Line 5:  | Record sum of Lines 4a through 4e in the Nationwide and California columns. |
| Line 6:  | Record the result of Lines 3 over Line 5. (Total Funds on Hand as of **12/31/2023**). |

**Schedule C - Section II - Must Be Completed by Annuity Insurers Filing on a “Back-End” Basis (Tax Return, Page 7)**

This schedule is used for audit and Annual Statement cross checking purposes. Therefore, amounts reported may not necessarily affect an insurer’s premium tax base.

All companies reporting annuity premiums on the “Back-End” basis must complete Schedule C, Section II.

| **Line** | **Instructions** |
| --- | --- |
| Line 1: | Record Total Funds on Hand as of **12/31/2022** in both the Nationwide and California columns. Record the page number, line number of the annual statement, or the separate account statement to reconcile this amount.  |
| Line 2a:  | Record total funds accepted during the reporting year. Back-end amount plus the front-end amount reported in Section I, Line 2a should correspond to Annual Statement, Schedule T, Columns 3, 5 and 7, as applicable. |
| Line 2b:  | Record gross income, interest and dividends accumulated on annuity deposit during the year. |
| Line 2c:  | Record any and all fees paid directly by the policyholder not included in the lines above.  |
| Line 3: | Record sum of Lines 1 through 2c in the Nationwide and California columns. |
| Line 4a: | Record funds returned prior to annuity commencement date; exclude interest applied, and any surrender fees. |
| Line 4b: | Record funds returned in excess of original funds accepted, i.e., interest/income accumulated on the account. |
| Line 4c:  | Record funds applied to purchase annuities. Record amount in Tax Return, Schedule C, Line 2a. |
| Line 4d:  | Record funds applied to pay death, disability and any other benefits. |
| Line 4e:  | Record funds applied to administrative fees, and/or any other related charges. Include the amount associated to the annuitized contracts in Tax Return, Schedule C, Line 2a. |
| Line 5: | Record sum of Lines 4a through Lines 4e in the Nationwide and California columns. |
| Line 6: | Record the result of Line 3 over Line 5. (Total Funds on Hand as of **12/31/2023**.) |

**Schedule D - Retaliatory Tax Return** **(Cal. Const. Art. XIII, § 28(f)(3); Ins. Code §§ 685, 685.1) (Tax Return, Page 8)**

This schedule is to be completed by all foreign and alien insurers and Non-CA Domiciled Fraternal Benefit Societies.

* The retaliatory portion of the California tax return compares the aggregate burden which would be placed upon your company by the state of California to the aggregate burden which would be placed by your state of domicile upon a hypothetical California company writing the same amount of premium that your company is writing in California.
* Some taxes and obligations imposed in other states may have no corresponding requirement in California; however, this does not relieve the foreign insurer from the obligation of computing and paying the tax. Enter all applicable items that are required of a California insurance company **except** those as specified under California Insurance Code section (CICS) 685.1.
* **Include with the return:** a copy of the State of Domicile’s **Annual** premium tax return, a copy of the assessments, invoices, or tax documents along with the calculations **based off of your California premium amount.**

**Part I: State of Domicile Imposition**

| **Line** | **Instructions** |
| --- | --- |
| Line 1:  | Record the direct premiums from the Annual Statement, Schedule T, Line 5 for each type of business. |
| Line 2:  | Record allowable deductions of the State of Domicile as disclosed in the NAIC Retaliatory Tax Guidelines for each column. Provide on a separate page the descriptions and/or code reference for the amount(s) deducted, with the total matching to this line item. |
| Line 3:  | Record Line 1 less Line 2. |
| Line 4:  | Record tax rate of the State of Domicile for each column. |
| Line 5:  | Amount of Tax: Multiply Line 3 by Line 4 and extend the sum of each column to the total column. |
| Line 6: | Record the Annual Statement Fee. |
| Line 7:  | Record the Certificate of Authority Fee. |
| Line 8:  | Record the Certification Fee. |
| Line 9:  | Record Agent License Fee paid by company on behalf of agents. Record the number of CA agents and the State of Domicile fee for each agent. Example: 10 Agents at $50 = $500. |
| Line 10:  | Record the Franchise Tax / Municipal Tax. |
| Line 11: | Record the Fraud Bureau assessment. |
| Line 12: | Record the Total of **All** Other taxes, fees, and assessments **except** those specified under CICS 685.1. Include a schedule of these items with the individual amounts, with the total matching to this line item; and provide complete documentation. |
| Line 13: | Record the Total Sum of Line 5 through Line 12. |

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

| **Line** | **Instructions** |
| --- | --- |
| Line 1:  | Record amount from **Page 1, Line 6 of Column C**. (Fraternal Benefit Societies enter “0” on this line.) |
| Line 2: | Record the Annual Statement Fee in the amount of **$462** if paid. Note: Do not include the payment of the Annual Statement Fee with your premium tax. |
| Line 3: | Record the Certificate of Authority Fee in the amount of **$466** if paid. Note: Do not include the payment of the Certificate of Authority Fee with your premium tax. |
| Line 4:  | Record Agent License Fee paid by company on behalf of agents. Multiply the number of agents times the amount of the California fee for each agent. Example: 5 Agents x $10 = $50. |
| Line 5: | Record the Total of **All** Other taxes, fees, and assessments **except** those specified under CICS 685.1. Include a schedule of these items with the individual amounts, with the total matching to this line item; and provide complete documentation. |
| Line 6: | Record the Sum of Lines 1 through 5. |
| Line 7: | If the amount on Part II, Line 6 is greater than the amount on Part I, Line 13, record zero on Line 7 **and** enter zero on the **2023** Retaliatory Tax, Page 1, Line 14.**-Or-** If the amount on Part I, Line 13 is greater than the amount on Part II, Line 6, record the difference between the amounts on Line 7 AND enter the amount on the **2023** Retaliatory Tax, Page 1, Line 14. |

# **Other Instructions:**

Insurers admitted in California are required to pay premium taxes for business done in California (Revenue and Taxation Code Sections 12201 and 12202). The tax statute is based on the Article XIII, Section 28 of the California Constitution.

**Retaliatory Tax:** If any taxes, licenses and fees, in the aggregate, and any fines, penalties, deposits and other material obligations imposed on California insurers, and their representatives are in excess of the amounts charged similar insurers and their representatives by California, a retaliatory tax shall be imposed. Law does not apply to ad valorem taxes imposed by another state or country, unless allowed as a deduction from premium taxes due. (Cal. Const. Art. XIII, § 28(f)(3); Ins. Code §§ 685, 685.1)

**Gross Premiums:** Gross premiums consist of all items of cost of the insurance to the insured, including but not limited to, installment charges, finance charges, administration fees and service fees. Do not include premiums received for reinsurance from admitted insurers or administration fees in connection with a self-administered (ASO) or Mini-Met type plans.

**Orphan Premiums:** 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 NAIC Annual Statement Instructions (**2022**):

* **For individual and group life 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 group policy covering fewer than 500 members to the state or territory in which the majority of covered members reside or to the situs of the contract; 2) requires a reporting entity to allocate premiums and other considerations from a non-employer group policy covering 500 or more members to the state or territory where each member resides; and 3) requires a reporting entity to allocate premiums and other considerations from an employer group policy covering 500 or more members to the state or territory where each member resides or is employed.
* **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 uncollectible agent’s balances are not allowable deductions.

**Returned Annuity Considerations:** (Front-end Basis) Refer to lump sum payments returned to annuitant prior to the start of annuitization but, under no circumstances should the amount of this deduction exceed the sum of the annuity consideration received on the contract, nor should such amount of deduction include interest accrued.

**Employee Benefit Plan contributions**: “…the entire cost of an employee benefit plan, whether paid from the employer's funds or financed by deductions from the salaries of employees, is taxable as gross premiums inuring to the benefit of the insurer.” *Metropolitan Life Ins. Co. v. State Bd. of Equalization* (1982) 32 Cal.3d 649, 661-662.

**Reduced rate:** The reduced rate of Revenue and Taxation Code section 12202 applies only to premiums satisfying both requirements of that section: 1) they must be from policies or contracts issued to pension or profit-sharing plans; and 2) those plans must be exempt or qualified under Internal Revenue Code section 401(a), 403(b), 404, 408(b) or 501(a). *Transamerica Occidental Life Ins. Co. v. State Board of Equalization* (1991) 232 Cal.App.3d 1048*.*

* In order to qualify for the reduced rate under Revenue and Taxation Code section 12202, the insurer must provide confirmation that the subject premiums were received from policies issued to pension or profit-sharing plans which were exempt or qualified under the relevant sections of the Internal Revenue Code. Letters from the Internal Revenue Service stating that the form of the insurer's policy would be acceptable to the Internal Revenue Service are not sufficient to confirm that the pension or profit-sharing plans were actually exempt or qualified under the relevant sections of the Internal Revenue Code. (Cal. Dept. of Tax and Fee Admn., Business Taxes Law Guide, Tax on Insurers Annotations, Reduced Rate – Revenue and Taxation Code Section 12202. 7/21/89 (Am. 2003-3), available at: <https://www.cdtfa.ca.gov/lawguides/annotations/Reduced-Rate-Revenue-Taxation-Code-Section-12202.pdf> (last accessed 10/19/2023).
* The reduced rate does not apply to premiums from policies issued to plans which are exempt under Internal Revenue Code section 501(a) that are not pension or profit-sharing plans. Premiums from policies issued to such plans must be taxed at the full rate. Premiums from policies issued to plans meeting the two requirements of Revenue and Taxation Code section 12202 (pension or profit-sharing plans that are exempt or qualified under the relevant Internal Revenue Code sections) qualify for the reduced rate even if the policy is not an annuity. Plans that come within the sections of the Internal Revenue Code listed in Revenue and Taxation Code section 12202, other than Internal Revenue Code section 501(a), virtually always qualify for the reduced rate.

Examples of premiums not meeting both tests under Revenue and Taxation Code section 12202 are: (i) premiums from policies issued to policyholders organized under Internal Revenue Code section 501(c)(3) and exempt under Internal Revenue Code section 501(a); or, (ii) premiums from policies issued to voluntary employees' beneficiary associations (VEBA) organized under Internal Revenue Code section 501(c)(9) and exempt under Internal Revenue Code section 501(a).

**Note: Exemption available per Revenue and Taxation Code section 12202 is limited only those 26 US Code sections listed therein. Specifically, it does not include 26 US Code § 408A-Roth IRA.**

**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, s**ubmit your written request to the California Department of Insurance, Premium Tax Audit Unit for review ***prior to the payment due date:***
1. **Via e-mail to** **PremiumTaxAudit@insurance.ca.gov** **(Preferred method);**
2. or Via mail 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 Sections 12978 and 12979, and Section 12432 for statute of limitations for notice of deficiency assessment.) Note: The California Department of Tax and Fee Administration will not accept a claim for refund from tax years that have expired.**
* **Check the box on the top section of page one of the tax return and indicate the date when it was amended.**
* 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.
1. **Send the claim for refund and amended tax return to the California Department of Tax and Fee Administration (CDTFA):**
2. Submit your request 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 CDTFA at 1-800-400-7115.)
3. Or submit via e-mail to: BTFDADABInsuranceStaff@cdtfa.ca.gov;
4. Or submit via mail to:

California Department of Tax and Fee Administration

Appeals and Data Analysis Branch MIC: 33

P.O. Box 942879

Sacramento, CA 94279-0033

1. **Send a copy to the California Department of Insurance (CDI):**
2. **Submit via e-mail to:** **PremiumTaxAudit@insurance.ca.gov****(Preferred method);**
3. Or submit via mail to:

California Department of Insurance

Premium Tax Audit Unit

300 South Spring Street, 9th Floor

Los Angeles, CA 90013-1230

**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** **and/or attach a letter of explanation. Check the box on the top section of page one of the tax return and indicate the date when it was amended.**
* 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** and made **payable to “California State Controller's Office”**. 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.”

1. **Send the amended tax return to the California Department of Insurance (CDI):**
2. **Submit via e-mail to:** **PremiumTaxAudit@insurance.ca.gov** **(Preferred method);**
3. Or submit via mail to:

California Department of Insurance

Premium Tax Audit Unit

300 South Spring Street, 9th Floor

Los Angeles, CA 90013-1230

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 or State Controller’s Office

Departmental Accounting Office Departmental Accounting Office

Insurance Tax Program 300 Capitol Mall, Suite 1500

P.O. Box 942850 Sacramento, CA 95814

Sacramento, CA 94250-0001 Attention: Insurance Tax Program